



**Auditor of State
Betty Montgomery**

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

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Betty Montgomery**

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Monroe Local School District
Butler County
30 Overbrook Drive
Suite D
Monroe, Ohio 45050

To the Board of Education:

We have audited the financial statements of Monroe Local School District, Butler County, Ohio (the District), as of and for the year ended June 30, 2002, and have issued our report thereon dated January 17, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-10409-001 through 2002-10409-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 17, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention related to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-10409-004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above to be a material weakness.

Monroe Local School District
Butler County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 17, 2003.

This report is intended solely for the information and use of management, and the Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 17, 2003

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2002-10409-001

Material Noncompliance

Ohio Rev. Code, Section 5705.10, states that money that is paid into a fund must be used only for the purpose for which such fund has been established. Negative fund balances indicate that money from one fund was used to cover the expenses of another fund. At June 30, 2002, the Food Service and Auxiliary Services funds had negative cash fund balances of \$23,936 and \$2,088, respectively.

FINDING NUMBER 2002-10409-002

Material Noncompliance

Ohio Rev. Code, Section 5705.36, requires a subdivision to obtain an amended certificate when the revenue to be collected will be less than the amount reported in the official certificate. At June 30, 2002, the District had estimated receipts that exceeded actual receipts, which resulted in obligating more than the fund had available (disbursements plus encumbrances exceeded beginning fund balance plus actual receipts) for the following funds:

Date/Fund	Estimated Receipts	Actual	Variance
Food Service	\$509,772	\$434,213	\$75,559
Auxiliary Service	19,466	17,362	2,104

FINDING NUMBER 2002-10409-003

Material Noncompliance

Ohio Rev. Code, Section 5705.391(B), and Ohio Administrative Code, Section 3301-92-04(F), require School Districts to prepare five year projections of revenues and expenditures as part of their spending plans. If the School District experiences a deviation of revenues or expenditures in a net amount of five percent or more from its original projections, the District is required to update its five year projection. During fiscal year 2002, the District's actual expenditures deviated from the projected expenditures by 9.04%, and actual revenues deviated from the projected revenues by 15.97%.

The District did not update its projection.

FINDING NUMBER 2002-10409-004

Internal Control Reportable Condition

At June 30, 2002, the District's reconciled book balance was \$2,096 less than their actual bank balance. In examining the reconciliations we noted the following:

- The District did not include all active bank accounts in their reconciliation.
- The outstanding check lists for the general and payroll bank accounts were not properly maintained. There were checks listed twice, and several checks that were omitted from the list.
- Interest received and bank service charges for the District's accounts were not always posted to the general ledger when received;

FINDING NUMBER 2002-10409-004
(Continued)

- There were reconciling items listed that had no supporting documentation;
- The District did not record prior period audit adjustments of \$992,513 from the General to the Emergency Levy Fund; and
- During the fiscal year, the Board of Education received internal financial reports that contained materially incorrect cash balances.

As a result of the above items, additional procedures were performed to assist the District in reconciling fund balance to the bank balance.

Reconciliations are an effective tool to help management determine the completeness of recorded transactions and reduce the risk of fraud or error. All financial activity of the District should be properly reconciled on a monthly basis with the bank statements. Any variances should be investigated and resolved promptly.

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2002**

Finding Number	Finding Summary	Fully Corrected ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-10409-001	Ohio Rev. Code, Section 5705.41(D), the availability of funds was not certified for certain commitments.	Yes	
2001-10409-002	The District did not prepare accurate account cash reconciliation.	No	Partially Corrected. Payroll account was immaterial out of balance with payroll ledgers. All interest revenue was still not posted. This issue was repeated in Finding 2002-10409-004.

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2002



**MONROE LOCAL SCHOOL DISTRICT
MONROE, OHIO**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Monroe Local School District

Monroe, Ohio

For the Fiscal Year Ended June 30, 2002

Prepared by:

Sharron Moon, Treasurer

**Monroe Local School District
Butler County, Ohio**

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***Monroe Local School District
Butler County, Ohio***

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***Monroe Local School District
Butler County, Ohio***

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INTRODUCTORY SECTION

**MONROE LOCAL SCHOOL DISTRICT
MONROE, OHIO**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**



Monroe Local Schools

Serving the community with pride

Arnol Elam, Superintendent

Sharron Moon, Treasurer

30 Overbrook Drive, Suite D ❖ Monroe, Ohio 45050 ❖ phone: (513) 539-2536 ❖ fax: (513) 539-2648

January 17, 2003

To the Citizens and Board of Education of the Monroe Local School District:

We are pleased to present the first Comprehensive Annual Financial Report (CAFR) of the Monroe School District (the "District"). The information reported is for the fiscal year ending June 30, 2002. The report contains financial statements, supplemental statements and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the District for the 2001-02 fiscal year.

Responsibility for the accuracy, completeness and fairness of this report rests with the District and more specifically, the Office of the Treasurer. To the best of our knowledge and belief, this report and the enclosed data are accurate in all material aspects. Our report is designed to present fairly the financial position, results of operation and cash flows of the various funds and account groups of the District.

This report is prepared in conformance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative services, and is representative of the District's continuing commitment to provide meaningful financial information to the citizens of the District.

The CAFR report is divided into three sections:

The Introductory Section introduces the reader to the report and provides an overview of the district and area. It also includes a table of contents, this transmittal letter, the District's organizational chart and a list of principal officials.

The Financial Section includes the unqualified opinion of our independent auditor, Betty D. Montgomery, Auditor of State. It also includes the management's discussion and analysis, basic financial statements and the combining and individual fund financial statements and schedules.

The Statistical Section includes selective financial, economic and demographic information generally presented on a multi-year basis for comparative purposes.

Copies of this report will be distributed throughout the District. A copy will be sent to all school buildings, the local Chamber of Commerce, major businesses located within the District, other government entities in Butler County, the Butler County Library, major banks, realtors and other interested parties.

The Reporting Entity and Services Provided

The District provides a full range of traditional and non-traditional educational programs and services. These services include but are not limited to elementary and secondary curriculum offerings at the general, college preparatory and career-technical levels in addition to numerous extracurricular and co-curricular activities. Rounding out these major services are adult and community education offerings, special education programs and community recreation facilities.

This report includes all funds of the District. The funds are used to account for the primary government's assets, liabilities, fund balances and results of operations (or revenues over/(under) expenses) for those activities.

Growth and Development

Monroe Local Schools encompass the City of Monroe and Lemon Township located in Butler County, just south of Middletown, Ohio. The City of Monroe is located about twenty miles north of Cincinnati and about thirty miles south of Dayton. It is situated between two counties—the northeast corner of Butler County and the western section of Warren County. The City has experienced substantial changes during the past decade. Population has gone from 4,372 in 1990 to 7,133 in 2000. In 1995, the City's population surpassed the 5,000 mark allowing Monroe to achieve city status. The population increase is expected to continue and is projected to be 12,000 by 2020.

The use of the land has also changed dramatically. Currently, the percentage of land area in Monroe is significantly weighted towards light and heavy industrial acreage. The City has an industrial tax base generating more than \$2,000,000 in annual revenue from a one-percent earnings tax. Industrial growth is expected to continue since Monroe boasts 1,800 acres of prime greenfield industrial parcels with full utilities and road access ready for development.

The District and City Council are working in collaboration on use of the new school facilities. Current plans including use of the library, auditorium, cafeterias and gymnasiums for after-school programs and also as a recreation and learning center for the community.

The continued high level of economic activity in eastern Butler County over the past few years has increased Monroe's economic base. The City offers excellent access to Cincinnati and Dayton via the flourishing Interstate 75 corridor. The travel time to the Monroe interstate interchange is within five minutes from anywhere in the City. Commuters have quick access to the cities of Hamilton and Middletown via State Route 63 and State Route 4.

DISTRICT FOCUS

History of the District

The City of Monroe has a long history of dedication to education. In 1881, one of Ohio's first public high schools was opened in an unused room at the elementary school located on the site of the current Lemon-Monroe High School. The Lemon Township School District operated until 1954, when it was consolidated with the Middletown City School District and became the Middletown-Monroe City School District.

In July of 1995, the Middletown-Monroe City School District was considering closing Lemon-Monroe High School prompting concerned residents to form the Committee on Reviewing Education known as "CORE" or the "CORE Committee". The CORE Committee led a five-year campaign to bring Monroe's schools under local control. During this campaign, there were several setbacks. Beginning in 1995, the group began its research and study of the school district. After two years of research the CORE members determined there was a need for the Monroe Local School District. In May of 1997, they petitioned the Ohio State Board of Education

requesting the formation of a new District to serve 850 students. In December of that year, the request was denied. However, the CORE committee continued to lobby the State Board of Education, while the Monroe City Council placed a referendum on the ballot to gauge the community's support for a new school district. In November of 1998, a record number of Monroe voters turned out to support the creation of a separate school district and an overwhelming number (73%) voted in favor of the referendum.

In September of 1999, the Ohio State Board of Education approved a resolution to create the Monroe Local School District by consolidating territory located within the Middletown City School District and the neighboring Lebanon City School District. After the State Board of Education's action, citizen committees were formed to lay the groundwork for Monroe residents to vote on the new District. More than 200 citizens developed the blueprint under which the District operates today.

On March 7, 2000, voters again gave overwhelming support to the establishment of the new school district with a 76% approval rate for the Monroe Local School District to split from the Middletown City School District. It became official in April of 2000, when the State Board of Education appointed the five-member Monroe Local School District Board of Education followed by the transfer of assets and liabilities in June of that year.

District Mission Statement

The mission of the Monroe Local School District is to provide an appropriate educational program and learning environment which will effectively meet the educational needs of its students and help its students accomplish educational goals which are significant, durable and/or transferable.

Board of Education

The operations of the Monroe Local School District is managed by the Board of Education (the Board) which is made up of five citizens who are elected by school District's voters to serve four-year terms. The Board is a body politic and corporate as defined by Ohio Revised Code Section 3313.02, and derives its authority from federal and state law. The Board's major function is to develop operating policies that will best service the needs of the students. In addition, the Board acts as the taxing authority, contracting body, the approver of the annual appropriations resolution and tax budget, as well as insuring that all other general laws of the State of Ohio are followed in the expenditure of the District's tax dollars. The Board employs the Superintendent to execute policies and provide leadership to the staff. The Board also employs the Treasurer to act as Chief Financial Officer to maintain financial records and invest funds of the District as specified by Ohio law.

<u>Board Members</u>	<u>Term Ends December 31st of</u>
Suzi Rubin President	2003
Jamie Pierce Vice President	2003
Carol Brotherton	2005
William "Rocky" Heflin	2005
Thomas Birdwell	2005

Enrollment

The 2001-02 enrollment for the Monroe Local School District was 1,381 students.

Monroe Elementary School (K-6)	584
Monroe Junior High School (7-8)	180
Lemon-Monroe High School (9-12)	617

According to the Ohio Department of Education, District enrollment is expected to increase over the next five years and succeeding years.

Enrollment Projections K-12 Total

2001-02	1,494
2002-03	1,533
2003-04	1,563
2004-05	1,643
2005-06	1,724
2006-07	1,837
2007-08	1,943
2008-09	2,034
2009-10	2,125
2010-11	2,234

District Report Card

In 2001-02, Monroe dramatically improved its performance on the Ohio Department of Education's annual Report Card. It met 9 additional standards in the 2002 report. The District met a total of 18 out of 26 state performance indicators in 2002 for a District Rating of *Continuous Improvement*. This rating is given by the Ohio Department of Education based on student's performance on the proficiency tests at grades 4, 6, 9 and 12 as well as student attendance rate. The designation for the District is based upon 26 indicators rather than 27 because the graduation indicator was not calculated since the District has been in operation for only one year and therefore no three-year dropout history was available.

Major Initiatives

Continuous Improvement Plan

The District's Continuous Improvement Plan was developed in 2001 in response to the rating of "academic watch" that was inherited when the District was created. The focus is placed in the areas of reading, math and attendance. A committee of staff, parents and community members developed the following goals. The complete plan is available in the Board Office. As a result of the focus on academics, the District is already seeing significant improvements. In just one year, Monroe has gone from meeting nine indicators on the state report card to meeting 18 indicators.

Monroe's overall goal is to increase student performance on the indicators reported on the Ohio Report Card by focusing on the following Performance Goals:

1. Increase student attendance in both Monroe Elementary and Monroe Junior/Senior High School to 95% or above during school year 2001-2002 and maintain in the following years.

Increase student performance in Mathematics to 75% or above in grades 4, 6, 9 and 85% in grade 10, as reported from the related Ohio Proficiency Tests by June, 2003.

Increase student performance in Reading to 75% or above in grades 4, 6, 9 and 85% in grade 10, as reported from the related Ohio Proficiency Tests by June 2003.

Curriculum Initiatives

The goal of the Monroe Local School District is to revise all of the curriculums within the first four years of existence. To date math, social studies and language arts have been revised.

Mathematics was Monroe's weakest area on the Ohio Report Card. The process for writing the Mathematics Course of Study (COS) was extensive and included the Ohio mathematics model along with national mathematics initiatives. In June of 2001, new textbooks and supporting materials were purchased for grades K-12 at a cost of \$140,000. During the 2001-2002 school year and emphasis on mathematics existed throughout the District. The new COS and materials were implemented and teacher training was provided to support the new curriculum. As a result, student scores in Mathematics on the Ohio Proficiency Test improved at all grade levels.

Reading also remained a major focus in the 2001-02 school year. The new Ohio Language Arts standards are the basis of the Monroe Language Arts COS adopted in June of 2002. A total of \$160,000 was spent on new Language Arts textbooks and related supplemental materials.

During the 2002 and 2003 school years the science, health and physical education curriculums will also be rewritten.

The District's curriculum coordinator initiated the Monroe Academy in an effort to support the teachers through professional development. The academy offers after-school learning opportunities in such areas as lesson planning and use of technology. A program was also implemented for new teachers that included assignment of mentors and informational meetings to allow for the support of teachers new to the profession and new to Monroe.

Technology

In the Spring of 2002, the Educational Technology Course of Study (COS) was completed. The COS serves as a guide to: instruction, the purchase and use of technology hardware and related supporting software and equipment. Along with the new COS, a recommendation was made for professional development and for the use of technology in the classroom.

Building Project

The Monroe Local Schools broke ground in June of 2002 for a new school facility to house grades K-12. The building was designed through the "School House of Quality Process" with architects Steed Hammond and Paul. This process enabled the District to gain input on the design from all levels of the school community. Building design teams allowed school employees to work hand in hand with the community to finalize plans for what will be the cornerstone of Monroe.

After finalizing the design, the site package was sent to bid in May of 2002. On June 7, 2002 the contract was awarded to Sunesis. The building package (general contractor) was awarded to Monarch on October 17, 2002.

The proposed facility is projected to open in the fall of 2004. The new school has separate wings for the various grade levels with a total of 88 classrooms: 43 elementary; 15 junior high and 30 high school. The building sits on 187 acres and will be able to house 2,000 students. This unique school will have four gyms: one gym for the elementary students to double for junior high competitions; one for junior high class use; and two gyms for high school classes with bleachers open for competition holding 1,400 spectators. The new facility will have two cafeterias, one kitchen, one auditorium with seating for 560 and one library.

FINANCIAL INFORMATION

The District's accounting system is organized on a "fund" basis. Each fund is a distinct, self-balancing entity. Records for general governmental operations are maintained on a cash basis system of accounting as prescribed by the Ohio Auditor of State. Cash basis accounting differs from generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). GAAP, as more fully described in the notes to the financial statements, provides for a modified accrual basis of accounting for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Expendable Trust Fund and Agency Funds and for full accrual basis of accounting for Government-Wide statements.

Internal Control

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

Risk Management

The District continues to protect its assets through a comprehensive insurance program. Insurance policies for fleet liability, general liability, excess liability, directors and officers, property loss purchased from Indiana Insurance Company and boiler and machinery coverage are purchased from the Cincinnati Insurance Company. Employee health insurance is provided by Butler County Health Plan. In addition, the District offers a full range of supplementary retirement plans for eligible staff members.

Independent Audit

Included in this report is the Auditor of the State of Ohio's unqualified opinion rendered on the District's basic financial statements as of and for the year ended June 30, 2002. An independent audit of the District's financial statements is part of the annual preparation of a CAFR. This annual independent audit will continue to review, comment on and thereby strengthen the District's accounting and budgetary control.

Bond Issue/Moody's Rating


On November 6, 2001, Monroe voters approved a Bond Issue by a 64.1% margin in the amount of \$29,915,00 to construct a new K-12 facility. The tax to be levied began its first collection in 2002. In an effort to lower the borrowing cost, the District applied for and received a rating from Moody's Investors Service. Moody's assigned an "A2" rating with a positive outlook. This solid rating was based up the District's satisfactory financial position, expanding residential tax base with a favorable wealth profile and manageable but high debt burden. The District sold Bonds on April 10, 2002 and secured a fixed rate of 5.24% over 28 years.

Acknowledgments

The preparation of this report in made possible through the dedicated service and efforts of the Treasurer's staff and Fraunfelter Accounting Service. Appreciation is also extended to the District's Board of Education and the Monroe School community for its continuing support.

Sincerely,


Sharron Moon, Treasurer


Arnol Elam, Superintendent

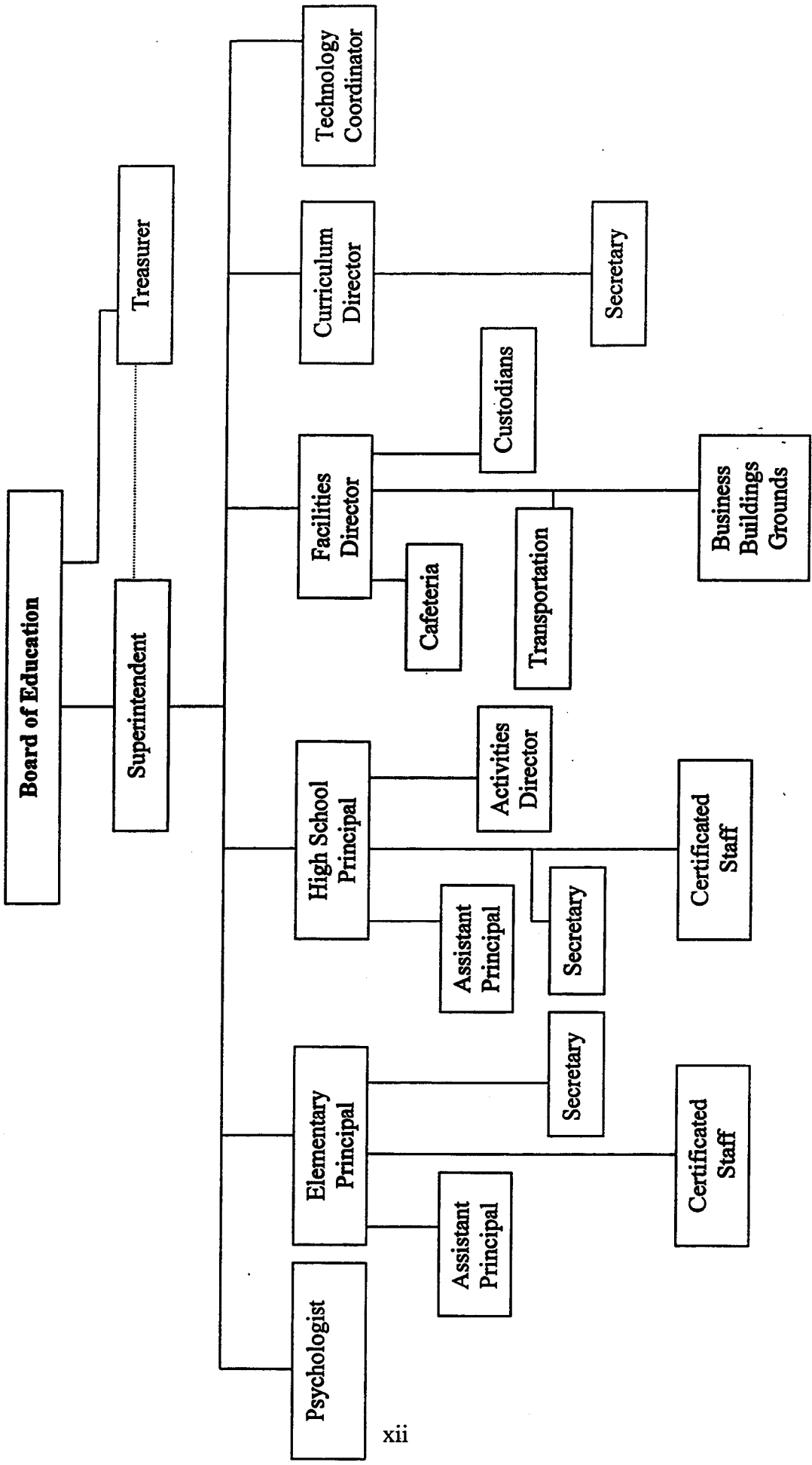
***Monroe Local School District
List of Principal Officials***

Arnol Elam	Superintendent
Sharron Moon	Treasurer
Steve Campbell	Director of Facilities
Sue Wilson	Director of Curriculum

Board of Education Members

Mrs. Suzi Rubin	President
Mr. Jamie Pierce	Vice-President
Mr. Tom Birdwell	
Mrs. Carol Brotherton	
Mr. William Heflin	

MONROE LOCAL SCHOOL DISTRICT



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FINANCIAL SECTION

**MONROE LOCAL SCHOOL DISTRICT
MONROE, OHIO**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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**Auditor of State
Betty Montgomery**

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INDEPENDENT ACCOUNTANTS' REPORT

Monroe Local School District
30 Overbrook Drive, Suite D
Monroe, Ohio 45050

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monroe Local School District, Butler County, (the District), as of and for the year ended June 30, 2002, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Monroe Local School District, Butler County, as of June 30, 2002, and the respective budgetary comparison for the General, Emergency Levy, and Food Service funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2003, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, statistical tables, combining and individual nonmajor fund statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



Betty Montgomery
Auditor of State

January 17, 2003

Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
(unaudited)

The management's discussion and analysis of Monroe Local School District's financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2002. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the financial statement and financial statements to enhance their understanding of the School District's financial performance.

The School District was organized in 2000 after splitting from the Middletown City School District. On September 14, 1999, the Ohio State Board of Education approved a resolution that allowed only residents living in the city limits of Monroe and portions of Lemon Townships to decide at the March 7, 2000 election whether to establish a separate Monroe Local School District. The ballot was approved and on April 12, 2000, the State Board of Education appointed, by resolution, the five-member Monroe Local School District Board of Education. The transfer of assets and liabilities was made to the Monroe Local School District on June 30, 2000.

Financial Highlights

Key financial highlights for 2002 are as follows:

- ✓ Assets, excluding capital assets, exceeded total liabilities at the close of the most recent fiscal year by \$5.43 million. The District has \$30.65 million restricted for capital improvements, which will be used to construct the new high school.
- ✓ General revenues accounted for \$13.23 million in revenue or 94.84 percent of all revenues. Program specific revenues in charges for services and grants and contributions accounted for \$.72 million or 5.16 percent of \$13.95 million in total revenues.
- ✓ At the end of the current fiscal year, cash and cash equivalents of \$66.74 million accounted for 89.76 percent of total assets, excluding capital assets.
- ✓ The School District had \$12.65 million in expenses relating to governmental activities; only \$.72 million of these expenses were offset by program specific revenues. \$13.23 million in general revenues were adequate to cover the cost of these programs.
- ✓ Among major funds, the general fund had \$9.85 million in revenues and \$9.94 in expenditures. The general fund's balance at the close of the current year was 26.26 percent of the current year's expenditures.

Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
(unaudited)

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all the School District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net assets and statement of activities.

The School District maintains twenty-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of fund revenues, expenditures and changes in fund balance for the general fund, emergency levy fund and food service fund, which are considered major funds. Data from the other twenty-three governmental funds are combined into a single, aggregate presentation.

The School District adopts an annual appropriation budget for all of its governmental funds. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for governmental funds. The basic fiduciary fund financial statement can be found on page 20 of this report.

Notes to the Financial Statement. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-52 of this report.

Individual Fund Statements and Schedules. The individual fund statements and schedules provides more detailed information about each individual fund for the District. These statements and schedules can be found on pages 53-93 of this report.

Statistical Information. Statistical information presents a year by year comparison of how the District is doing in several areas. These information can be found on pages 95-107 of this report.

Monroe Local School District
Butler County, Ohio
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For the Fiscal Year Ended June 30, 2002
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Government-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's net assets for 2002 to 2001

Table 1
Net Assets
(in Millions)

	<u>2001</u>	<u>2002</u>	<u>Change</u>
Assets			
Current and Other Assets	\$13.65	\$74.36	\$60.71
Capital Assets	1.13	4.62	3.49
<i>Total Assets</i>	<u>14.78</u>	<u>78.98</u>	<u>64.20</u>
Liabilities			
Long-term Liabilities	(0.59)	(30.46)	(29.87)
Other Liabilities	(6.50)	(38.47)	(31.97)
<i>Total Liabilities</i>	<u>(7.09)</u>	<u>(68.93)</u>	<u>(61.84)</u>
Net Assets			
Invested in Capital Assets	1.13	4.62	3.49
Restricted for:			
Grants	0.09	0.04	(0.05)
Capital Improvements	0.24	30.65	30.41
Unrestricted	6.23	(25.26)	(31.49)
<i>Total Net Assets</i>	<u>\$7.69</u>	<u>\$10.05</u>	<u>\$2.36</u>

The increase in current and other assets and long-term liabilities relates to the issuance of \$29,910,228 in general obligation bonds during the fiscal year. The District is in the process of constructing a new high school that the District issued bonds for and have restricted their use. Also at year-end, the District had bond anticipation notes outstanding for \$29,915,000. The current asset and short-term liabilities reflects the remaining balance on the notes.

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Graph 1 breaks down the School District's revenues into percentages, while Table 2 compares total revenues for fiscal years 2002 and 2001.

Graph 1
Total Revenues

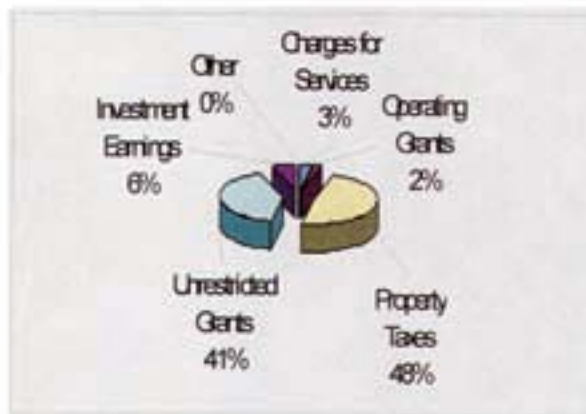


Table 2
Total Revenues
(in Millions)

	<u>2001</u>	<u>2002</u>
Revenues		
<i>Program Revenues</i>		
Charges for Services	\$0.49	\$0.47
Operating Grants	0.43	0.25
<i>General Revenues</i>		
Property and Other Taxes	6.58	6.68
Unrestricted Grants	9.53	5.73
Investment Earnings	0.19	0.76
Other	0.05	0.06
Total Revenues	<u>\$17.27</u>	<u>\$13.95</u>

For fiscal year 2002, the District had a \$10,103 revenue per pupil ratio. This compares with the District's \$9,137 expenditure per pupil. Although the District is still generating more revenues than expenditures per pupil, the difference has been reduced from the 2001 difference of \$3,410 excess per pupil.

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Table 3 compare total program expenses for fiscal years 2002 and 2001.

Table 3
Total Program Expense
(in millions)

	<u>2001</u>	<u>2002</u>	<u>Change</u>
Program Expenses			
<i>Instruction</i>			
Regular	\$5.41	\$5.66	\$0.25
Special	0.49	0.62	0.13
Vocational	0.01	0.01	0.00
<i>Support Services:</i>			
Pupil	0.27	0.34	0.07
Instructional Staff	0.30	0.38	0.08
Board of Education	0.03	0.02	(0.01)
Administration	2.13	1.52	(0.61)
Fiscal	0.32	0.38	0.06
Business	0.05	0.10	0.05
Operation and Maintenance of Plant	1.38	0.97	(0.41)
Pupil Transportation	0.83	1.07	0.24
Central	0.06	0.11	0.05
Operation on Non-Instructional Services	0.03	0.00	(0.03)
Food Services	0.50	0.48	(0.02)
Intergovernmental	0.00	0.01	0.01
Extracurricular Activities	0.45	0.48	0.03
Interest and Fiscal Charges	0.01	0.50	0.49
Total Expenses	<u>\$12.27</u>	<u>\$12.65</u>	<u>\$0.38</u>

Capital Assets

At the end of the fiscal year, the School District had \$4.62 million invested in land, buildings, equipment, construction in progress and vehicles less accumulated depreciation. Table 4 shows the breakdown of the individual classes for capital assets:

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(unaudited)**

*Table 4
Capital Assets*

Class	Historical Cost	Accumulated Depreciation	Book Value
Land	\$2,228,759	\$0	\$2,228,759
Buildings and Improvements	4,267,570	3,165,401	1,102,169
Furniture and Equipment	1,808,188	1,288,573	519,615
Vehicles	408,923	368,015	40,908
Construction in Progress	730,924	0	730,924
Totals	<u>\$9,444,364</u>	<u>\$4,821,989</u>	<u>\$4,622,375</u>

Governmental Activities

Despite having a strong base in net assets, the School District received a sizeable school foundation allocation in connection with the separation from Middletown School District. This revenue source will not be available after the 2002 fiscal year. In May 2002, voters approved a 4.35 mill operating levy and the District projects no operating deficits in the next five years.

The Major Funds

The School District's major funds start on page 15. These funds are accounted for using the modified accrual basis of accounting, focusing on the near term financial resources of the District. The major funds account for 97.36% of the \$14.55 million in total revenue and 96.84% percent of the \$15.60 million in total expenses. The general fund and emergency levy fund received a majority of their revenues from property taxes and intergovernmental revenues. Revenues exceeded expenditures in the general fund and emergency levy creating a year end fund balance of \$2.61 million and \$3.45 million, respectively.

The general fund recognized \$1.00 million in current liabilities for fiscal year 2002. Accrued salaries and benefits accounted for 17.34% of those liabilities. The emergency levy fund had a large taxes receivable balance compared to current liabilities since the School District had two emergency levies that are effective through the next fiscal year. However, the taxes receivable is offset by a deferred revenue because those taxes are not intended to finance the 2002 fiscal year.

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The debt service fund had the remaining balance of the general obligation bond issuance for cash with it being restricted for capital improvements. The building fund accounted for \$3.2 million in expenditures as the District purchased land and started the site preparation work for the construction of the new high school.

The other major fund for the School District is the food service fund. The School District decided to classify the food service as a major fund even though it did not meet the classification requirements; however, the District desires to report such activity in a separate fashion. The fund operated at a deficit for the fiscal year. The School District is analyzing charges for services to insure they adequately cover the administration and contractual services provided by the School District.

General Fund Budgetary

Graph 2 depicts the change from the original to the final general fund revenue budget for the fiscal year ended June 30, 2002. Only the three items presented had significant variances.

Graph 2
Original Budget versus Final Budget for General Fund Revenues

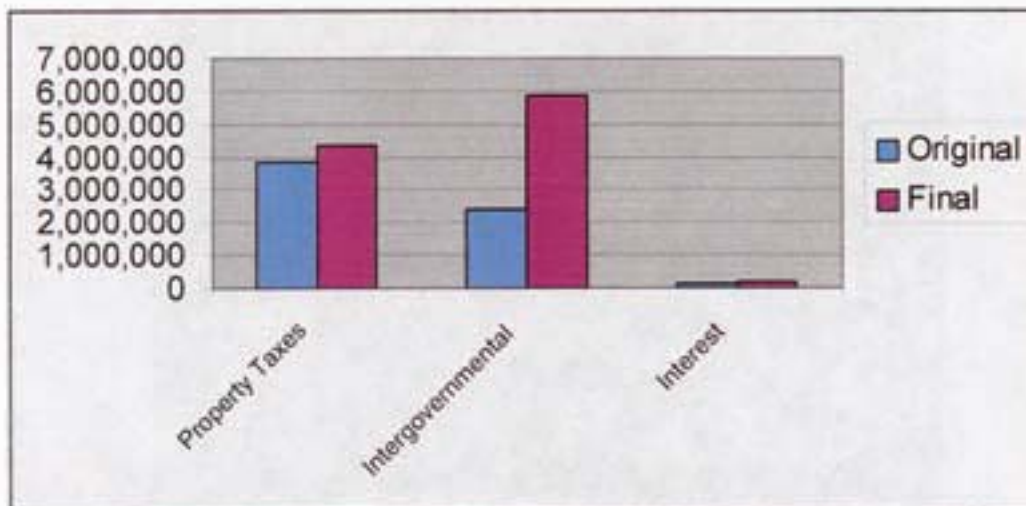


Table 5 examines the major changes from the original to the final general fund expenditures budget for the fiscal year ended June 30, 2002. The School District was in the process of hiring both certified and non-certified employees from the former combined school district as part of the State Board of Education resolution. The School District also had very little experience with the necessary operational costs the new School District would incur.

**Monroe Local School District
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*Table 5
Original to Final Budget for Expenditures
(In Millions)*

	Increase
Instruction:	
Regular	\$0.68
Support Services:	
Instructional Staff	0.15
Administration	0.62
Pupil Transportation	0.21
Extracurricular Activities	0.16

The District completed their initial budget with a better perspective during 2002. With one year behind them, they were able to evaluate the contracts with the unions and other expenses incurred by the District. The large difference can be attributed to District's belief that it needed additional teachers and non-certified staff that were not anticipated before the fiscal year started.

In total the District's final General Fund revenue budget was within \$.58 million of the actual revenues received. For General Fund expenditures, the District had a variance of \$1.95 million less in actual expenditures than the final budget. The main areas of difference were regular instruction and administration since the District raised the final budget figures for the anticipated items that did not occur.

Debt Administration

The District issued two bond anticipation notes during the fiscal year for a total of \$29,915,000. The District also issued \$29,910,228 in general obligation bonds at a premium of \$609,302 in April 2002. The notes will be retired in July 2002 from the proceeds of the bonds and the bonds will be retired from a special property tax levy over the next twenty-three years. The District's overall legal debt margin was \$20,339,232 with an unvoted debt margin of \$215,008.

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Other items impacting the financial strength of the School District

The School District expects to see continued economic growth over the next year as the City's new interstate corridor project develops. The business growth in the areas surrounding Interstate 75 and State Route 63 will increase the School District's assessed value and allow for the School District to continue to improve existing school facilities and broaden services.



Request for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial

information should be addressed to the Office of the Treasurer, Monroe Local Schools, 30 Overbrook Drive, Suite D, Monroe, Ohio 45050.

A handwritten signature in cursive script that reads "Sharon Q. Moon".

Treasurer
Monroe Local School District

Monroe Local School District
Butler County, Ohio
Statement of Net Assets
June 30, 2002

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$66,739,340
Receivables:	
Property and Other Taxes	6,857,252
Accounts	1,820
Accrued Interest	170,626
Intergovernmental	3,450
Materials and Supplies Inventory	1,426
Issuance Costs	582,787
Capital Assets (net of accumulated depreciation):	
Land	2,228,759
Buildings and Improvements	1,102,169
Furniture and Equipment	519,615
Vehicles	40,908
Construction in Progress	730,924
Total Assets	78,979,076
 <u>Liabilities</u>	
Payables:	
Accounts	88,680
Contracts	150,223
Intergovernmental	198,234
Interest	490,818
Salaries and Employee Benefits	855,130
Notes	29,915,000
Deferred Revenue	6,248,160
Noncurrent Liabilities:	
Due within one year	525,566
Due in more than one year	30,459,784
Total Liabilities	68,931,595
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	4,622,375
Restricted for:	
Grants	42,577
Capital Improvements	30,647,654
Unrestricted (Deficit)	(25,265,125)
Total Net Assets	\$10,047,481

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2002

<u>Function/Programs</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Instruction:				
Regular	\$5,657,380	\$679	\$29,699	(\$5,627,002)
Special	617,886	1,732	59,982	(556,172)
Other	4,423	0	0	(4,423)
Support Services:				
Pupils	337,391	0	1,588	(335,803)
Instructional Staff	384,017	0	51,602	(332,415)
Board of Education	18,211	0	0	(18,211)
Administration	1,522,336	0	0	(1,522,336)
Fiscal	382,097	0	0	(382,097)
Business	94,301	0	0	(94,301)
Operation and Maintenance of Plant	966,552	0	0	(966,552)
Pupil Transportation	1,068,600	0	18,162	(1,050,438)
Central	109,693	0	10,468	(99,225)
Operation of Non-Instructional Services	0	0	1,700	1,700
Food Service	482,777	346,031	63,367	(73,379)
Intergovernmental	15,004	0	15,077	73
Extracurricular Activities	482,164	120,325	0	(361,839)
Interest and Fiscal Charges	505,843	0	0	(505,843)
Total	\$12,648,675	\$468,767	\$251,645	(11,928,263)

General Revenues:	
Property and Other Taxes	6,681,543
Grants and Contributions not restricted to specific programs	5,733,149
Unrestricted investment earnings	758,245
Miscellaneous	60,777
Total General Revenues	13,233,714
Changes in Net Assets	1,305,451
Net Assets-Beginning (Restated)	8,742,030
Net Assets-Ending	\$10,047,481

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Balance Sheet - Governmental Funds
June 30, 2002

	General	Debt Service	Emergency Levy	Food Service	Building	Other Governmental Funds	Total Governmental Funds
Assets and Other Debits							
Assets							
Equity in Pooled Cash and Cash Equivalents	\$3,099,744	\$30,772,895	\$3,362,923	\$0	\$29,289,896	\$213,882	\$66,739,340
Receivables:							
Property and Other Taxes	3,764,174	758,334	2,334,744	0	0	0	6,857,252
Accounts	870	0	0	0	0	950	1,820
Interfund	26,024	0	1,534	0	0	0	27,558
Accrued Interest	170,626	0	0	0	0	0	170,626
Intergovernmental	0	0	0	0	0	3,450	3,450
Materials and Supplies Inventory	0	0	0	1,426	0	0	1,426
Total Assets	\$7,061,438	\$31,531,229	\$5,699,201	\$1,426	\$29,289,896	\$218,282	\$73,801,472
Liabilities and Fund Balances							
Liabilities							
Payables:							
Accounts	\$58,859	\$0	\$4,466	\$0	\$7,325	\$18,030	\$88,680
Contracts	16,054	0	0	0	134,169	0	150,223
Due to Local Governments	122,893	0	7,713	924	0	13,299	144,829
Salaries and Employee Benefits	772,667	0	68,465	1,949	0	12,049	855,130
Interfund	0	0	0	23,936	0	3,622	27,558
Interest	0	0	0	0	351,902	0	351,902
Compensated Absences	27,005	0	0	0	0	0	27,005
Notes Payable	0	0	0	0	29,915,000	0	29,915,000
Deferred Revenue	3,457,514	627,674	2,162,972	0	0	0	6,248,160
Total Liabilities	4,454,992	627,674	2,243,616	26,809	30,408,396	47,000	37,808,487
Fund Balances:							
Reserved for:							
Encumbrances	5,756	0	23,923	0	0	20,687	50,366
Property Taxes	185,344	78,891	103,722	0	0	0	367,957
Unreserved, reported in:							
General	2,415,346	0	0	0	0	0	2,415,346
Debt Service	0	30,824,664	0	0	0	0	30,824,664
Special Revenue (Deficit)	0	0	3,327,940	(25,383)	0	54,837	3,357,394
Capital Projects (Deficit)	0	0	0	0	(1,118,500)	95,758	(1,022,742)
Total Fund Balances (Deficit)	2,606,446	30,903,555	3,455,585	(25,383)	(1,118,500)	171,282	35,992,985
Total Liabilities and Fund Balances	\$7,061,438	\$31,531,229	\$5,699,201	\$1,426	\$29,289,896	\$218,282	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	4,622,375
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	582,787
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(31,150,666)
Net assets of governmental activities	\$10,047,481

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2002

	General	Debt Service	Emergency Levy	Food Service	Building	Other Governmental Funds	Total Governmental Funds
Revenues:							
Property and Other Taxes	\$3,723,397	\$869,847	\$2,040,834	\$0	\$0	\$47,465	\$6,681,543
Intergovernmental	5,508,726	76,564	164,378	63,367	0	171,759	5,984,794
Charges for Services	4,547	0	0	346,031	0	0	350,578
Tuition and Fees	2,411	0	0	0	0	0	2,411
Interest	605,698	34,120	0	0	113,656	0	753,474
Gifts and Donations	300	0	0	0	0	14,387	14,687
Extracurricular Activities	0	0	0	0	0	89,402	89,402
Miscellaneous	3,570	609,302	0	0	0	61,705	674,577
Total Revenues	9,848,649	1,589,833	2,205,212	409,398	113,656	384,718	14,551,466
Expenditures:							
Current:							
Instruction:							
Regular	5,272,043	0	31,978	0	0	82,516	5,386,537
Special	74,625	0	438,712	0	0	74,579	587,916
Other	4,423	0	0	0	0	0	4,423
Support Services:							
Pupils	296,491	0	3,020	0	0	27,631	327,142
Instructional Staff	294,994	0	2,347	0	0	73,272	370,613
Board of Education	17,864	0	0	0	0	0	17,864
Administration	1,406,775	2,488	36,484	0	0	0	1,445,747
Fiscal	350,921	9,043	11,029	0	0	0	370,993
Business	68,013	0	15,175	0	0	0	83,188
Operation and Maintenance of Plant	918,154	0	11,353	0	0	0	929,507
Pupil Transportation	679,612	0	326,646	0	0	3,267	1,009,525
Central	84,344	0	11,983	0	0	11,976	108,303
Operation of Non-Instructional Services	203	0	46,704	413,290	0	6,064	466,261
Extracurricular Activities	355,948	0	452	0	0	107,905	464,305
Capital Outlay	85,676	0	45,501	0	2,813,254	91,037	3,035,468
Intergovernmental	0	0	0	0	0	15,004	15,004
Debt Service:							
Principal Retirement	24,975	0	0	0	0	0	24,975
Interest and Fiscal Charges	8,065	589,747	0	0	351,902	0	949,714
Total Expenditures	9,943,126	601,278	981,384	413,290	3,165,156	493,251	15,597,485
Excess (deficiency) of Revenues Over (Under) Expenditures	(94,477)	988,555	1,223,828	(3,892)	(3,051,500)	(108,533)	(1,046,019)
Other Financing Sources							
Proceeds of Bonds	0	29,915,000	0	0	0	0	29,915,000
Operating Transfers - In	42,476	0	0	0	1,933,000	6,294	1,981,770
Operating Transfers - Out	(1,936,155)	0	0	0	0	(45,615)	(1,981,770)
Total Other Financing Sources (Uses)	(1,893,679)	29,915,000	0	0	1,933,000	(39,321)	29,915,000
Net Change in Fund Balances	(1,988,156)	30,903,555	1,223,828	(3,892)	(1,118,500)	(147,854)	28,868,981
Fund Balances (Deficit) - beginning	4,594,602	0	2,231,757	(21,491)	0	319,136	
Fund Balances (Deficit) - ending	\$2,606,446	\$30,903,555	\$3,455,585	(\$25,383)	(\$1,118,500)	\$171,282	

Amounts reported in governmental activities in the statement of activities are different because:

Net Change in Fund Balances - total governmental funds

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

2,436,285

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(602,111)

Repayment of long-term obligations is reported as an expenditure in governmental funds, the the repayment reduces long-term liabilities in the statement of net assets. In the current year, this amount is:

24,975

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures/revenues in governmental funds.

(29,422,679)

Change in net assets of governmental activities

\$1,305,451

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
General Fund
For the Fiscal Year Ended June 30, 2002

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Property and Other Local Taxes	\$3,851,779	\$4,355,336	\$4,117,402	(\$237,934)
Intergovernmental	2,370,265	5,841,786	5,508,726	(333,060)
Tuition and Fees	1,434	3,535	3,575	40
Interest	105,863	216,549	211,718	(4,831)
Extracurricular Activities	1,814	4,470	4,547	77
Gifts and Donations	122	300	300	0
Miscellaneous	929	2,290	2,305	15
Total Revenues	6,332,206	10,424,266	9,848,573	(575,693)
Expenditures:				
Current:				
Instruction:				
Regular	4,874,185	5,554,754	4,922,458	632,296
Special	43,654	102,915	77,837	25,078
Vocational	0	300	0	300
Other	2,967	4,423	4,423	0
Support Services:				
Pupils	419,637	458,812	293,123	165,689
Instructional Staff	194,151	341,392	293,486	47,906
Board of Education	18,649	20,585	17,920	2,665
Administration	1,586,972	2,208,502	1,741,366	467,136
Fiscal	344,628	377,627	311,461	66,166
Business	74,500	69,480	63,530	5,950
Operation and Maintenance of Plant	1,119,671	1,118,427	918,258	200,169
Pupil Transportation	938,092	1,145,590	858,646	286,944
Central	59,468	106,150	86,075	20,075
Operation of Non-				
Instructional Services				
Extracurricular Activities	500	500	203	297
Capital Outlay	203,579	363,178	348,890	14,288
Capital Outlay	103,465	103,465	85,972	17,493
Total Expenditures	9,984,118	11,976,100	10,023,648	1,952,452
Excess of Revenues Over				
(Under) Expenditures	(3,651,912)	(1,551,834)	(175,075)	1,376,759
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	0	405,857	340,751	(65,106)
Refund of Prior Year Receipts	0	0	(43,228)	(43,228)
Advances In	0	26,721	26,721	0
Advances Out	(20,537)	(26,721)	(26,721)	0
Operating Transfers In	0	42,475	42,475	0
Operating Transfers Out	(1,900,000)	(1,959,276)	(1,936,155)	23,121
Total Other Financing Sources (Uses)	(1,920,537)	(1,510,944)	(1,596,157)	(85,213)
Net Change in Fund Balance	(5,572,449)	(3,062,778)	(1,771,232)	1,291,546
Fund Balances at Beginning of Year	4,345,615	4,345,615	4,345,615	0
Prior Year Encumbrances Appropriated	294,567	294,567	294,567	0
Fund Balances at End of Year	(\$932,267)	\$1,577,404	\$2,868,950	\$1,291,546

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Emergency Levy Fund
For the Fiscal Year Ended June 30, 2002

	Emergency Levy Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Property and Other Local Taxes	\$2,282,787	\$2,106,972	\$2,096,980	(\$9,992)
Intergovernmental	197,422	117,633	188,469	70,836
Total Revenues	2,480,209	2,224,605	2,285,449	60,844
Expenditures:				
Current:				
Instruction:				
Regular	15,079	28,553	30,444	(1,891)
Special	227,744	431,249	401,249	30,000
Support Services:				
Instructional Staff	2,474	4,684	4,684	0
Administration	24,171	45,770	43,781	1,989
Fiscal	6,076	11,505	11,505	0
Business	8,014	15,175	15,175	0
Operation and Maintenance of Plant	15,191	28,765	28,765	0
Pupil Transportation	188,346	356,645	326,644	30,001
Central	6,328	11,983	11,983	0
Food Service Operations	0	0	46,732	(46,732)
Extracurricular Activities	239	452	452	0
Capital Outlay	104,651	198,164	168,164	30,000
Total Expenditures	598,313	1,132,945	1,089,578	43,367
Excess of Revenues Over Expenditures	1,881,896	1,091,660	1,195,871	104,211
Other Financing Uses				
Refund of Prior Year Receipts	0	0	(24,090)	(24,090)
Advances In	0	6,378	6,378	0
Advance Out	(3,810)	(7,215)	(7,215)	0
Operating Transfers Out	(42,430)	(80,344)	0	80,344
Total Other Financing Sources (Uses)	(46,240)	(81,181)	(24,927)	56,254
Net Change in Fund Balance	1,835,656	1,010,479	1,170,944	160,465
Fund Balances at Beginning of Year	2,193,770	2,193,770	2,193,770	0
Prior Year Encumbrances Appropriated	571	571	571	0
Fund Balances at End of Year	\$4,029,997	\$3,204,820	\$3,365,285	\$160,465

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Food Service Fund
For the Fiscal Year Ended June 30, 2002

	Food Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$60,000	\$60,977	\$63,367	\$2,390
Charges for Services	349,500	352,831	346,231	(6,600)
Total Revenues	<u>409,500</u>	<u>413,808</u>	<u>409,598</u>	<u>(4,210)</u>
<u>Expenditures:</u>				
Current:				
Operation of Non-Instructional Services	400,000	486,993	439,883	47,110
Total Expenditures	<u>400,000</u>	<u>486,993</u>	<u>439,883</u>	<u>47,110</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,500	(73,185)	(30,285)	42,900
<u>Other Financing Sources (Uses):</u>				
Advances In	0	24,616	24,616	0
Advances Out	0	(24,616)	(24,616)	0
Operating Transfers In	0	71,348	0	(71,348)
Total Other Financing Sources (Uses)	<u>0</u>	<u>71,348</u>	<u>0</u>	<u>(71,348)</u>
Net Change in Fund Balance	9,500	(1,837)	(30,285)	(28,448)
Fund Balances (Deficit) at Beginning of Year	(24,775)	(24,775)	(24,775)	0
Prior Year Encumbrances Appropriated	378	378	378	0
Fund Balances (Deficit) at End of Year	<u>(\$14,897)</u>	<u>(\$26,234)</u>	<u>(\$54,682)</u>	<u>(\$28,448)</u>

See accompanying notes to the basic financial statements

**Monroe Local School District
Butler County, Ohio
Statement of Fiduciary Net Assets -
Fiduciary Funds
June 30, 2002**

	<u>Student Activities Fund</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$19,341</u>
<u>Liabilities</u>	
Due to Students	<u>19,341</u>
Total Liabilities	<u>\$19,341</u>

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 1 - Description of the School District and Reporting Entity

Monroe Local School District (the “School District” or “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. On September 14, 1999, the Ohio State Board of Education approved a resolution that allowed only residents living in the city limits of Monroe and portions of Lemon Township to decide at the March 7, 2000 election whether to establish a separate Monroe Local School District. The ballot was approved and on April 12, 2000, the State Board of Education appointed, by resolution, the five-member Monroe Local School District Board of Education. The transfer of assets was made to the Monroe Local School District on June 30, 2000.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's three instructional support facilities staffed by approximately 92 non-certificated personnel, 42 teaching personnel and 10 administrative employees providing education to approximately 1,381 students.

A. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Monroe Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. Accordingly, the School District has no component units.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 2 - Summary of Significant Accounting Policies

The School District is associated with four organizations of which two are defined as jointly governed organizations and two as insurance purchasing pools. These organizations are the Southwestern Ohio Computer Association (SWOCA), Butler County Joint Vocational School, Butler County Health Plan, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, respectively. These organizations are presented in Notes 18 and 19.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities*, normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is expected to be liquidated with expendable, available resources. However, expenditures related to compensated absences are recorded only when payment is due.

Property taxes, grants and entitlements, tuition, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the District.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District employs the use of two categories of funds: governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for the retirement of specific general governmental short and long term obligations. All revenues derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds or loans, shall be recording in this fund.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 2 - Summary of Significant Accounting Policies (continued)

The *emergency levy fund* accounts for the revenues and expenditures of emergency operating levies. There are two levies in effect: a 1989 levy which has been renewed through 2005 and a 1995 levy active through 2001. The levies were approved prior to creation of the School District but continued to be active after Monroe School District split from Middletown School District.

The *food service fund* accounts for the financial transaction related to food service operation. It accounts for all food service charges for services, state and federal grants specific to the fund service activity, as well as related food service expenditures.

The *building fund* accounts for the revenue and expenditures related to the acquisition and construction of capital facilities including real property. Debt proceeds related to this activity are recorded in this fund, except premium or accrued interest.

Fiduciary Fund

Fiduciary fund reporting focuses on net assets and changes in net assets. The District maintains one fiduciary fund, an agency fund known as the Student Activities Fund. The fund was established to account for revenues generated by student managed activities. The District's agency fund is custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions (although no such grants or contributions were received for the year ending June 30, 2002). Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use the restricted resources first, then unrestricted resources as they are needed.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 2 - Summary of Significant Accounting Policies (continued)

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Butler County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer.

The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 2 - Summary of Significant Accounting Policies (continued)

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at board level. For management purposes, the budget is monitored at the object level.

Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted and they were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Lapsing of Appropriations:

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the statement of net assets and governmental fund balance sheet.

During fiscal year 2002 investments were limited to funds invested in a repurchase agreement, federal mortgage backed agencies securities, United States treasury obligations, money market mutual funds, commercial paper and the State Treasury Asset Reserve of Ohio (STAR Ohio).

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 2 - Summary of Significant Accounting Policies (continued)

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2002.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund, during fiscal year 2002 amounted to \$604,864 which includes \$496,325 assigned to other School District funds.

E. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

F. Capital Assets

Capital assets, which include property, plant, equipment, and vehicles, are reported on the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual amounts were not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The School District reviewed possible infrastructure assets (roads, bridges, culverts, etc.) which could be required to be capitalized. The School District has no infrastructure assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Vehicles and Equipment	5

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 2 - Summary of Significant Accounting Policies (continued)

G. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' right to receive compensation are attributed to services already rendered and it is probable that the School District will compensate the employees for benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on sick leave accumulated by June 30 by those employees who are eligible to receive termination payments and by those employees for whom it is probable that they will become eligible to receive termination benefits in the future. The amount is based on accumulated sick leave and employee's wages rates at fiscal year end, taking into consideration any limits specified in union contracts.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees. The School District records a liability for accumulated unused sick leave for all employees after 15 years of service; although employees with less than 15 years were evaluated for reporting purposes. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid in the governmental fund balance sheet. The entire liability is reported on the governmental-wide statement of net assets.

H. Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and general obligation bonds payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be expected to be liquidated with expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002*

Note 2 - Summary of Significant Accounting Policies (continued)

I. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally separated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure in the governmental fund balance sheet. Fund balance s represent the difference between assets and liabilities in the Balance Sheet - Governmental Funds, while unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

J. Net Assets

Net assets represent the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are calculated, net of accumulated depreciation and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

K. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchase funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

L. Interfund Balances

On fund financial statements, receivables and payables resulting from transaction-like activities between a government's various funds are classified as "interfund receivables/payables." These amounts are eliminated in the statement of net assets and consolidated columns for the governmental balance sheet.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 2 - Summary of Significant Accounting Policies (continued)

M. Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenues. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenues.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

N. Exchange/Non-Exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 2 - Summary of Significant Accounting Policies (continued)

P. Reconciliation of government-wide and fund financial statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$31,150,666 difference are as follows:

Capital Lease Payable	\$99,956
General Obligation Bonds Payable	29,910,228
General Obligation Bonds - Premium	602,111
Accrued Interest Payable	138,916
Long Term Pension Obligation	53,405
Compensated Absences	346,050
	\$31,150,666
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$31,150,666

Another element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.” The details of \$4,622,375 difference are as follows:

Capital Assets	\$9,444,364
Accumulated Depreciation	(4,821,989)
	\$4,622,375
Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$4,622,375

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 2 - Summary of Significant Accounting Policies (continued)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

An element of that reconciliation states that "Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures/revenues in governmental funds." The details of this (\$29,422,679) are as follows:

Change in SERS Obligation and Leave Balances	\$43,678
Interest on Bonds	(138,916)
Bonds Issuance Costs	582,787
Issuance from the Sale of Bonds	<u>(29,910,228)</u>
Net Adjustment - current financial resources focus to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>(\$29,422,679)</u></u>

Another element of that reconciliation states that "Capital additions are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense." The details of this \$2,436,285 are as follows:

Current capital additions	\$2,716,581
Depreciation Expense	<u>(280,296)</u>
Net Adjustment - capital assets to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$2,436,285</u></u>

Note 3 - Prior Period Adjustment

For fiscal year 2001 fixed assets the District has not implemented the capital asset software and information was gathering from various sources. The amount for the District's buildings and furniture and equipment were misstated last year in the amounts of \$401,240 and \$161,246, respectively. The related accumulated depreciation for buildings was misstated by \$489,015. The restatement increased the beginning statement of net assets balance by \$1,051,501 to \$8,742,030.

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Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)- Major Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for major funds with required budgetary supplemental information. Only the general fund and major special revenue funds are reported for comparison.

Net Change in Fund Balance
Major Funds

	General Fund	Emergency Levy Fund	Food Service Fund
GAAP Basis	(\$1,988,156)	\$1,223,828	(\$3,892)
Adjustments:			
Revenue Accrual	340,675	80,237	200
Expenditure Accrual	(59,136)	(103,896)	(26,593)
Advances	0	(837)	0
Encumbrances	(64,615)	(28,388)	0
Budget Basis	(\$1,771,232)	\$1,170,944	(\$30,285)

Monroe Local School District
Butler County, Ohio
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Note 5 - Accountability and Compliance

A. Accountability

At June 30, 2002, the building capital projects, food service, auxiliary services, title vi-b, title i and miscellaneous federal grants special revenue funds had deficit fund balances of \$1,118,500; \$25,383; \$2,088; \$6,654; \$16,172; and \$1,163 respectively. The deficit in the capital project fund was the result of the recognition of the notes payable on the balance sheet. The deficits in the special revenue funds were created through recognition of amounts owed but not yet paid by the funds (accounts payable). The District advances monies to these funds only when required and transfers funds only to the extent that the amount issued between funds cannot be repaid. School District management is reviewing charges to insure that food service revenues are adequate and that encumbrance policies are followed. The deficit in the capital project fund will be eliminated when the notes are retired.

B. Compliance

The Ohio Revised Code states that money that is paid into a fund must be used only for the purpose for which such fund has been established. As a result a negative fund balance indicates that money from one fund was used to cover the expenditures of another fund. At June 30, 2002, the Food Service and Auxiliary Services special revenue funds had negative cash fund balances of \$23,936 and \$2,088, respectively.

The Ohio Revised Code requires a subdivision to obtain an amended certificate when the revenue to be collected will be less than the amount reported in the official certificate. At June 30, 2002, the District had estimated receipts that exceeded actual receipts, which resulted in obligating more than the fund had available (disbursements plus encumbrances exceeded beginning fund balance plus actual receipts) in the Food Service and Auxiliary Services special revenue funds of \$75,559 and \$2,104, respectively.

The School District is required to prepare five year projections of revenues and expenditures as part of their spending plans. If the School District experiences a deviation of revenues or expenditures in a net amount of five percent of more from its original projections, the District is required to update its five year projection. During fiscal year 2002, the District's actual expenditures deviated from the project expenditures by 9.04%, and actual revenues deviated from the projected revenues by 15.97%.

Monroe Local School District
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Note 6 - Deposits and Investments

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 6 - Deposits and Investments (continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds; and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in numbers (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements.*"

Deposits At year end, the carrying amount of the School District's deposits was \$881,185 and the bank balance was \$1,107,560. Of the bank balance:

1. \$300,000 was covered by federal depository insurance; and

Monroe Local School District
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Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 6 - Deposits and Investments (continued)

2. \$807,560 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

Investments The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Unclassified	Fair Value
Repurchase Agreement	\$40,125	\$0	\$40,125
Federal Home Loan Bank	11,847,954	0	11,847,954
Federal Home Loan Mortgage Corporation	10,684,940	0	10,684,940
Federal National Mortgage Association	5,497,755	0	5,497,755
Student Loan Mortgage Association	98,590	0	98,590
Federal Agriculture Mortgage Corporation	986,500	0	986,500
United States Treasury Bill	19,981,600	0	19,981,600
Commercial Paper	10,984,190	0	10,984,190
Money Market Mutual Funds	681,801	0	681,801
STAR Ohio	0	5,074,041	5,074,041
Total	\$60,803,455	\$5,074,041	\$65,877,496

Cash and cash equivalents and investments are pooled for balance sheet classification on the basic financial statements because the pool consists of deposits, short-term investments or long-term investments that can be converted to liquid assets. A reconciliation between the classifications of cash and investments on the fund financial statements and classification per GASB Statement No. 3 is as follows:

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 6 - Deposits and Investments (continued)

	Cash and Cash Equivalents/ Deposits	Investments
Equity in Pooled Cash and Cash Equivalents - Basic Financial Statements	\$66,758,681	\$0
Investments:		
Repurchase Agreement	(40,125)	40,125
Federal Home Loan Bank	(11,847,954)	11,847,954
Federal Home Loan Mortgage Corporation	(10,684,940)	10,684,940
Federal National Mortgage Association	(5,497,755)	5,497,755
Student Loan Mortgage Association	(98,590)	98,590
Federal Agriculture Mortgage Corporation	(986,500)	986,500
United States Treasury Bill	(19,981,600)	19,981,600
Commercial Paper	(10,984,190)	10,984,190
Money Market Mutual Funds	(681,801)	681,801
STAR Ohio	(5,074,041)	5,074,041
GASB Statement No. 3	\$881,185	\$65,877,496

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2002 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) is for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 7 - Property Taxes (continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2002, are levied after April 1, 2002 and are collected in 2002 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2002, on the value as of December 31, 2002. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which fiscal year 2002 taxes were collected are as follows:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$140,797,410	65.79%	\$151,923,850	70.66%
Public Utility	27,065,512	12.65	16,426,920	7.64
Tangible Personal Property	46,137,078	21.56	46,656,747	21.70
Total Assessed Value	\$214,000,000	100.00%	\$215,007,517	100.00%
 Tax rate per \$1,000 of assessed valuation	 36.91		 36.91	

The Middletown City School District allocated property tax revenue collected from the County Auditor from July 1, 2001 to December 31, 2001 to the School District within five days of receipt. Tax advances received by Middletown were divided with 83% to Middletown and 17% to the School District. Upon final settlement from the County Auditor, the final distribution of taxes and fees was made to each district based upon information provided by the County Auditor. No division of tax revenues has taken place since January 1, 2002 because the School District is receiving tax distributions directly from the County.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 7 - Property Taxes (continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, the amount available as an advance at June 30 and delinquent taxes is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. Delinquency is considered immaterial and all taxes are reasonably expected to be received within one year. The amount available as an advance at June 30, 2002, was \$185,344 in the general fund, \$78,891 in the debt service fund and \$103,722 in the emergency levy fund.

Note 8 - Receivables

Receivables at June 30, 2002, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for nonpayment of taxes, the stable conditions of State programs, and the current year guarantee of federal funds. All amounts recorded as a receivable are reasonably expected to be received within one year and any amounts beyond one year are immaterial.

A summary of the principal items of intergovernmental receivables follows:

Net Assets	Amount
School Net Professional Development Fund	\$3,450

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2002, was as follows:

	Restated Balance 07/01/01	Increases	Decreases	Balance 6/30/02
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$311,529	\$1,917,230	\$0	\$2,228,759
Construction in Progress	0	730,924	0	730,924
*Capital Assets, being depreciated				
Buildings and Improvements	4,267,570	0	0	4,267,570
Furniture and Equipment	1,751,815	68,427	12,054	1,808,188
Vehicles	408,923	0	0	408,923
Total at Historical Cost	6,739,837	2,716,581	12,054	9,444,364

Monroe Local School District
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Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 9 - Capital Assets (continued)

Less Accumulated Depreciation For:

Buildings and Improvements	\$3,094,595	\$70,806	\$0	\$3,165,401
Furniture and Equipment	1,122,139	178,488	12,054	1,288,573
Vehicles	337,013	31,002	0	368,015
Total Accumulated Depreciation	<u>4,553,747</u>	<u>280,296</u>	<u>12,054</u>	<u>4,821,989</u>
Governmental Activities				
Capital Assets, Net	<u>\$2,186,090</u>	<u>\$2,436,285</u>	<u>\$0</u>	<u>\$4,622,375</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$174,349
Special	2,903
Support Services:	
Pupils	1,909
Instructional Staff	1,770
Board of Education	365
Administration	39,862
Fiscal	3,246
Business	231
Operation and Maintenance of Plant	10,473
Pupil Transportation	35,675
Central	1,390
Operation of Non-Instructional Services	1,524
Food Services	2,761
Extracurricular Activities	3,838
Total Depreciation Expense	<u>\$280,296</u>

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District contracted with Indiana Insurance Company for general commercial, fleet and employee benefits liability and Cincinnati Insurance Company for boiler and machinery coverage. Coverages provided are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$22,110,216
Boiler and Machinery (\$500 deductible)	15,000,000
Automobile Liability (\$500 deductible)	3,000,000
Uninsured Motorists	300,000
Employee Benefits	
Aggregate	3,000,000
Per occurrence	1,000,000
General Liability	
Aggregate	2,000,000
Per occurrence	1,000,000
Errors and Omissions	
Aggregate	1,000,000
Per occurrence	1,000,000

Settled claims have not exceeded this commercial coverage in the past two years.

B. Workers' Compensation

For fiscal year 2002, the School District participated in the Ohio School Board Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." The "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street Suite 100, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligation with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001 and 2000, 4.7 percent and 8.5 percent, respectively, were used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002 and 2001 were \$62,121 and \$57,100, respectively: 61.93 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal year 2001. \$23,649 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group. (Note: Three years can not be presented since the School District's first fiscal year was 2001.)

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 11 - Defined Benefit Pension Plans (continued)

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002 and 2001 were \$515,165 and \$430,505, respectively; 90.84 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal year 2001. \$47,200 represents the unpaid contribution for fiscal year 2002 and is recorded as a liability within the respective funds. (Note: Three years can not be presented since the School District's first fiscal year was 2001.)

Note 12 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$244,026 during the 2002 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. At June 30, 2001, \$26.6 billion net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

Monroe Local School District
Butler County, Ohio
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For the Year Ended June 30, 2002

Note 12 - Postemployment Benefits (continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$110,144.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care the June 30, 2002 were \$161,439,934 and the target level was \$242.2 million. At June 30, 2002 SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has 50,000

Note 13 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits were derived from negotiated agreements and State laws. Classified employees can earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated vacation time must be used within one year from when it is earned. Accumulated unused vacation time earned in the preceding year is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 195 days. Upon retirement, payment is made for one fourth of the total sick leave accumulation. After fifteen years of total service, the School District assumes an employee will retire from the School District for reporting purposes.

B. Health, Dental and Life Insurance

The School District provides health and dental insurance coverage to employees through the Butler County Health Plan (an Insurance Purchasing Pool - See Note 19.) The School District provides for the payment of 95% of the single plan participant health insurance premium and funds 90% of the family plan participant health insurance premium. The School District further funds 85% of the annual premium for dental insurance coverage. All amounts not paid by the District are passed along to the employee through payroll deduction.

The School District provides life insurance and accidental death and dismemberment insurance to all employees who work more than twenty hours per week through Canadian Life Insurance. The amount of insurance coverage provided to each employee is \$30,000.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 14 - Operating/Capital Leases

A. Operating Lease

The government leases eight modular classroom units and office space under noncancellable operating leases. Total costs for such leases were \$123,714 for the year ended June 30, 2002. The School District has paid up-front costs associated with the modular units and prior year payments of \$204,183. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2003	\$124,479
2004	125,259
2005	61,957
Total	<u><u>\$311,695</u></u>

B. Capital Lease

The School District entered into capitalized leases for copy machines during fiscal year 2001. Each lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. These expenditures are reported as function expenditures on the budgetary statements.

General capital assets consisting of copiers have been capitalized on the statement of net assets in the amount of \$138,701. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was also recorded. Principal payments in fiscal year 2002 totaled \$24,975 in the general fund.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Furniture and Equipment	\$138,701
Less: Accumulated Depreciation	(43,922)
Total	<u><u>\$94,779</u></u>

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 14 - Operating/Capital Leases (continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2002.

Fiscal Year Ending June 30,	Capital Lease
2003	\$33,034
2004	33,035
2005	33,034
2006	13,763
Total	112,866
Less: Amount Representing Interest	(12,910)
Present Value of Net Minimum Lease Payments	\$99,956

The annual debt service requirements to maturity for the capital lease paid from the General Fund are as follows:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2003	\$26,800	\$6,234	\$33,034
2004	28,765	4,270	33,035
2005	30,874	2,160	33,034
2006	13,517	246	13,763
Total	\$99,956	\$12,910	\$112,866

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 15 - Long - Term Liabilities

The changes in the School District's long-term obligations (non-current liabilities) during the year consist of the following:

	Obligation Outstanding 6/30/01	Additions	Reductions	Obligation Outstanding 6/30/02	Amounts Due in One Year
Governmental Activities					
Compensated Absences	\$413,955	\$314,096	\$354,726	\$373,325	\$27,005
Pension Liability	56,542	53,405	56,542	53,405	53,405
General Obligation Bonds	0	29,910,228	0	29,910,228	450,000
Bond Premium	0	609,032	7,191	601,841	21,761
Capital Leases Payable	124,931	0	24,975	99,956	26,800
Total Governmental	\$595,428	\$30,886,761	\$443,434	\$31,038,755	\$578,971

General Obligation Bonds - On April 15, 2002 the School District issued \$29,910,228 in general obligation bonds for the purpose of constructing a new high school building and related land purchases. The bonds were issued for a twenty-eight year period with a final maturity of December 1, 2029. The bonds will be retired from the debt service fund.

The District issued two bond anticipation notes during the fiscal year. On December 20, 2001, the District issued \$14,915,000 at an interest rate of 2.45% and on January 22, 2002, the District issued \$15,000,000 at an interest rate of 2.37%. Both issues mature on July 12, 2002.

Pension liability and compensated absences will be paid from the fund where the employee's salary is paid. The General Obligation Bond will be paid from the Debt Service fund with a special tax levy. Capital leases will be paid from the General fund.

At June 30, 2002, the School District's overall legal debt margin was \$20,339,232, an energy conservation debt margin of \$1,935,068 and an unvoted debt margin of \$215,008.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 15 - Long - Term Liabilities (continued)

General Obligation Bonds			
Fiscal Year Ending June 30,	Principal	Interest	Total
2003	\$450,000	\$658,025	\$1,108,025
2004	400,000	707,045	1,107,045
2005	465,000	799,156	1,264,156
2006	560,000	900,750	1,460,750
2007	700,000	953,198	1,653,198
2008-2012	3,170,000	5,150,545	8,320,545
2013-2017	1,376,630	10,892,820	12,269,450
2018-2022	4,973,598	7,600,871	12,574,469
2023-2027	9,660,000	3,571,250	13,231,250
2028-2029	8,155,000	835,750	8,990,750
Totals	<u>\$29,910,228</u>	<u>\$32,069,410</u>	<u>\$61,979,638</u>

Note 16 - Interfund Balances/Transfers

Interfund balances at June 30, 2002, consist of the following individual receivables and payables and operating transfers in the governmental fund balance sheet (such amounts are removed in the statement of net assets):

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
General Fund	\$26,024	\$0	\$42,476	\$1,936,155
Special Revenue Funds:				
Emergency Levy	1,534	0	0	0
Food Service	0	23,936	0	0
Building	0	0	1,933,000	0
Nonmajor Funds	0	3,622	6,294	45,615
Total All Funds	<u>\$27,558</u>	<u>\$27,558</u>	<u>\$1,981,770</u>	<u>\$1,981,770</u>

During the year the Emergency Levy fund advanced the Title I Grant, Reducing Class Size, and Miscellaneous Federal Grant special revenue funds monies for expenditures related to the program. The General Fund advanced the Food Service and Auxiliary Services nonmajor fund at year end for fund deficits. These advances will be repaid within one year or less after the revenues for the next program year are received.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 16 - Interfund Balances/Transfers (continued)

The District receives the majority of their monies through property taxes and intergovernmental revenue in the general and emergency levy funds. These monies are unrestricted and is used to cover operating deficits in various special revenue funds. The transfer in for the building fund was for the initial land purchase and the general fund should be repaid within the next fiscal year.

Note 17 - State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions regarding that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "... the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

Note 18 - Jointly Governed Organizations

A. Southwestern Ohio Computer Association

The Southwestern Ohio Computer Association (SWOCA), a jointly governed organization, was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the member schools of the three county consortium supports SWOCA based upon per pupil charge dependent upon the software package utilized. SWOCA is governed by a board of directors consisting of the superintendents and treasurers of member school districts. The degree of control exercised by any participating School District is limited to its representation on the Board. During the 2002 fiscal year, the School District paid \$34,491 to SWOCA for services. The District has no ongoing financial interest in nor responsibility for the Association. To obtain financial information, write to SWOCA, at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

B. Butler County Joint Vocational School District

The Butler County Joint Vocational School District (BCJVSD), a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school districts' elected boards. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. BCJVSD was formed for the purpose of providing vocational education opportunities to the students of the member school districts which includes the students of the School District. The School District has no ongoing financial interest in nor responsibility for the Joint Vocational School. To obtain financial information, write to the BCJVSD, at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 19 - Insurance Purchasing Pools

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the plan.

B. Butler County Health Plan

The School District participates in the Butler County Health Plan (BCHP), an insurance purchasing pool. The BCHP was formed to provide affordable medical, dental and vision insurance to member's employees, eligible dependents and designated beneficiaries. The Board of Trustees is composed of seven representatives from the participating members, five of whom shall be administrative employees (at least one superintendent and one treasurer), one shall be a certificated employee and one shall be a classified employee. Each representative is elected to serve a three year staggered term. To obtain financial information write to BCHP at 6025 Dixie Highway, Suite 250, Fairfield, Ohio 45014.

Note 20 - Set-aside calculations and fund reserves

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following information describes the change in the year-end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	Textbooks	Capital Acquisition	Totals
Set-aside Cash Balance as of June 30, 2002	\$0	\$242,541	\$242,541
Current Year Set-aside Requirement	169,601	169,601	339,202
Qualifying Disbursements	(293,982)	(2,710,457)	(3,004,439)
Total	<u>(124,381)</u>	<u>(2,298,315)</u>	<u>(2,422,696)</u>
Set-Aside Offset Carried Forward to FY 2003	<u>(\$124,381)</u>	<u>\$0</u>	
Total Restricted Assets			<u>\$0</u>

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2002

Note 20 - Set-aside calculations and fund reserves (continued)

Although the School District had qualifying disbursements during the year that reduced the capital acquisition and textbook set-aside amounts to below zero, only the amount for the textbooks set-aside may be used to reduce the set-aside requirement of future years. The capital acquisition negative amount is therefore not presented as being carried forward to the next fiscal year.

Note 21 - Contractual Commitments

At the end of the year, the District had an outstanding contractual obligation to Sunesis Construction Company for site preparation work at the new high school site for \$3,860,000.

Note 22 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

B. Litigation

As of June 30, 2002, the School District did not have any pending litigation.

Note 23 - Subsequent Events

On July 12, 2002, the District retired \$29,915,000 in bond anticipation notes. The notes were retired with the proceeds from the June 2002 bond issuance.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Monroe Local School District

Fund Descriptions

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditures for specified purposes. The following are descriptions of the School District's nonmajor special revenue funds:

Nonmajor Special Revenue Funds

Special Trust – A fund used to account for assets held by a school system in a trustee capacity or as an agent for individuals, private organizations, other governmental and/or other funds.

Public School Support – This fund is used to account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e., sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

Other Grant – This fund accounts for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

District Managed Activities – This fund accounts for those student activity programs that have student participation in the activity, but do not have student management of the programs.

Auxiliary Services – A fund used to account for monies which are provide services and materials to pupils attending non-public schools within the school district.

Teacher Development – This fund accounts for assistance provided to local school districts for the development of in-service programs.

Educational Management Information Systems – This fund accounts for hardware and software development, or other costs associated with the requirements of the management information system.

OneNet Ohio – A fund provided to account for money appropriated for Ohio Educational Computer Network Connections.

School Net Professional Development – This fund accounts for the revenue and expenditures associated with a limited number of professional development subsidy grants.

Ohio Reads – This fund accounts for state monies and operating expenditures associated with the OhioReads Program. The OhioReads Program is intended to improve reading outcomes, especially on the fourth grade reading proficiency test.

Miscellaneous State Grants – This fund accounts for various monies received from State agencies that are not classified elsewhere. A separate special cost center must be used for each grant and be approved by the Auditor of State.

EESA/NDEA Grant – This fund accounts for federal funds used to provide for strengthening instruction in science, mathematics, modern foreign languages, English, the arts, and computer learning.

Monroe Local School District

Fund Descriptions

Nonmajor Special Revenue Funds (continued)

Title VI-B Grant – This fund accounts for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels and to assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

Title I Grant – This fund accounts for federal funds expended for services provided to meet special educational needs of educationally deprived children.

Title VI Grant – This fund accounts for federal funds used to provide programs for at-risk students; instructional materials to improve the quality of instruction; programs of professional development; and programs to enhance personal excellence of students and student achievement.

Drug-Free Grant – This fund accounts for federal funds used to establish, operate and improve local programs of drug abuse prevention, early intervention, rehabilitation referral and education in elementary and secondary schools, and to engage in development, training, technical assistance and coordination activities.

EHA Preschool Grants – The Preschool Grant Program, Section 619 of Public Law 99-457, addresses the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

E-Rate Grant – This fund accounts for monies refunded from telecommunications vendors. This money will be used to pay future telecommunications bills or will be transferred to the general fund.

Goals 2000 Grant – A fund used to account for monies to support a broad range of education improvement goals. Competitive grants are used to establish a network of schools that have developed a systematic improvement plan. Funding is targeted at school districts where student performance on the fourth and ninth grade State Proficiency test scores are significantly below the State average. Competitive grants are used to support partnerships between school districts and colleges of education to improve teacher education and school instruction simultaneously.

Reducing Class Size Grant – This fund accounts for federal funds to be used to support the teachers in grades 1 through 3, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants – This fund accounts for the proceeds of specific federal grants that are legally restricted to expenditures for specific purposes.

Monroe Local School District

Fund Descriptions

Capital Projects Funds

The Capital Projects Funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings or additions to existing buildings, and for major renovation projects including equipment purchases. The following are descriptions of the School District's nonmajor project funds:

Nonmajor Capital Projects Funds

Permanent Improvement – This fund accounts for all transactions relating to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Ohio Revised Code.

Schoolnet – This fund accounts for wiring to all classrooms in the State and to provide a computer workstation and related technology for every classroom in Ohio's low-wealth school districts.

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2002

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets and Other Debits</u>			
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$107,454	\$106,428	\$213,882
Receivables:			
Accounts	950	0	950
Intergovernmental	3,450	0	3,450
Total Assets	<u>\$111,854</u>	<u>\$106,428</u>	<u>\$218,282</u>
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Payables:			
Accounts	\$18,030	\$0	\$18,030
Due to Local Governments	13,299	0	13,299
Salaries and Employee Benefits	12,049	0	12,049
Interfund	3,622	0	3,622
Total Liabilities	<u>47,000</u>	<u>0</u>	<u>47,000</u>
<u>Fund Balances:</u>			
Reserved for:			
Encumbrances	10,017	10,670	20,687
Unreserved, reported in:			
Special Revenue	54,837	0	54,837
Capital Projects	0	95,758	95,758
Total Fund Balances	<u>64,854</u>	<u>106,428</u>	<u>171,282</u>
Total Liabilities and Fund Balances	<u>\$111,854</u>	<u>\$106,428</u>	<u>\$218,282</u>

**Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended June 30, 2002**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property and Other Taxes	\$0	\$47,465	\$47,465
Intergovernmental	171,759	0	171,759
Gifts and Donations	14,387	0	14,387
Extracurricular Activities	89,402	0	89,402
Miscellaneous	61,705	0	61,705
Total Revenues	337,253	47,465	384,718
Expenditures:			
Current:			
Instruction:			
Regular	82,516	0	82,516
Special	74,579	0	74,579
Support Services:			
Pupils	27,631	0	27,631
Instructional Staff	73,272	0	73,272
Pupil Transportation	3,267	0	3,267
Central	9,630	2,346	11,976
Operation of Non-Instructional Services	6,064	0	6,064
Extracurricular Activities	107,905	0	107,905
Capital Outlay	0	91,037	91,037
Intergovernmental	15,004	0	15,004
Total Expenditures	399,868	93,383	493,251
Deficiency of Revenues Under Expenditures	(62,615)	(45,918)	(108,533)
Other Financing Sources			
Operating Transfers - In	6,294	0	6,294
Operating Transfers - Out	(21,140)	(24,475)	(45,615)
Total Other Financing Sources (Uses)	(14,846)	(24,475)	(39,321)
Net Change in Fund Balances	(77,461)	(70,393)	(147,854)
Fund Balances - beginning	142,315	176,821	319,136
Fund Balances - ending	\$64,854	\$106,428	\$171,282

**Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2002**

	Special Trust	Public School Support	Other Grant	District Managed Activities	Auxiliary Services
<u>Assets and Other Debits</u>					
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$10,807	\$15,832	\$715	\$29,327	\$0
Receivables:					
Interfund	0	0	0	0	0
Accounts	0	0	950	0	0
Intergovernmental	0	0	0	0	0
Total Assets	<u>\$10,807</u>	<u>\$15,832</u>	<u>\$1,665</u>	<u>\$29,327</u>	<u>\$0</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Payables:					
Accounts	\$0	\$6,758	\$104	\$2,415	\$0
Due to Local Governments	0	0	0	0	0
Salaries and Employee Benefits	0	0	0	0	0
Interfund	0	0	0	0	2,088
Total Liabilities	<u>0</u>	<u>6,758</u>	<u>104</u>	<u>2,415</u>	<u>2,088</u>
<u>Fund Balances:</u>					
Reserved for:					
Encumbrances	0	0	16	0	0
Unreserved, reported in:					
Special Revenue (Deficit)	10,807	9,074	1,545	26,912	(2,088)
Total Fund Balances (Deficit)	<u>10,807</u>	<u>9,074</u>	<u>1,561</u>	<u>26,912</u>	<u>(2,088)</u>
Total Liabilities and Fund Balances	<u>\$10,807</u>	<u>\$15,832</u>	<u>\$1,665</u>	<u>\$29,327</u>	<u>\$0</u>

**Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2002**

Educational Management Information Systems	OneNet Ohio	School Net Professional Development	Ohio Reads	Miscellaneous State Grants	EESA/NDEA Grant	Title VI-B Grant
\$919	\$6,125	\$2,894	\$2,000	\$1,724	\$5,449	\$3,175
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	3,450	0	0	0	0
<u>\$919</u>	<u>\$6,125</u>	<u>\$6,344</u>	<u>\$2,000</u>	<u>\$1,724</u>	<u>\$5,449</u>	<u>\$3,175</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	1,547
0	0	0	0	0	0	8,282
0	0	0	0	0	0	0
0	0	0	0	0	0	9,829
0	0	0	0	0	0	0
919	6,125	6,344	2,000	1,724	5,449	(6,654)
919	6,125	6,344	2,000	1,724	5,449	(6,654)
<u>\$919</u>	<u>\$6,125</u>	<u>\$6,344</u>	<u>\$2,000</u>	<u>\$1,724</u>	<u>\$5,449</u>	<u>\$3,175</u> (continued)

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2002
(continued)

	Title I Grant	Title VI Grant	Drug-Free Grant	EHA Preschool Grant	E-Rate Grant
<u>Assets and Other Debits</u>					
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$0	\$6,066	\$8,611	\$1,622	\$1,180
Receivables:					
Interfund	0	0	0	0	0
Accrued Interest	0	0	0	0	0
Intergovernmental	0	0	0	0	0
Total Assets	\$0	\$6,066	\$8,611	\$1,622	\$1,180
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Payables:					
Accounts	\$3,723	\$0	\$5,030	\$0	\$0
Due to Local Governments	11,612	0	0	0	0
Salaries and Employee Benefits	0	0	0	0	0
Interfund	837	0	0	0	0
Total Liabilities	16,172	0	5,030	0	0
<u>Fund Balances:</u>					
Reserved for:					
Encumbrances	10,001	0	0	0	0
Unreserved, reported in:					
Special Revenue (Deficit)	(26,173)	6,066	3,581	1,622	1,180
Total Fund Balances (Deficit)	(16,172)	6,066	3,581	1,622	1,180
Total Liabilities and Fund Balances	\$0	\$6,066	\$8,611	\$1,622	\$1,180

**Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2002**

Goals 2000 Grant	Reducing Class Size Grant	Miscellaneous Federal Grants	Subtotal Nonmajor Special Revenue Funds	Consolidation	Total Nonmajor Special Revenue Funds
\$6,525	\$4,461	\$22	\$107,454	\$0	\$107,454
908	0	0	908	(908)	0
0	0	0	950	0	950
0	0	0	3,450	0	3,450
<u>\$7,433</u>	<u>\$4,461</u>	<u>\$22</u>	<u>\$112,762</u>	<u>(\$908)</u>	<u>\$111,854</u>
\$0	\$0	\$0	\$18,030	\$0	\$18,030
0	140	0	13,299	0	13,299
0	3,767	0	12,049	0	12,049
0	420	1,185	4,530	(908)	3,622
<u>0</u>	<u>4,327</u>	<u>1,185</u>	<u>47,908</u>	<u>(908)</u>	<u>47,000</u>
0	0	0	10,017	0	10,017
<u>7,433</u>	<u>134</u>	<u>(1,163)</u>	<u>54,837</u>	<u>0</u>	<u>54,837</u>
<u>7,433</u>	<u>134</u>	<u>(1,163)</u>	<u>64,854</u>	<u>0</u>	<u>64,854</u>
<u>\$7,433</u>	<u>\$4,461</u>	<u>\$22</u>	<u>\$112,762</u>	<u>(\$908)</u>	<u>\$111,854</u>

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2002

	Special Trust	Public School Support	Other Grant	District Managed Activities
Revenues:				
Intergovernmental	\$0	\$0	\$0	\$0
Gifts and Donations	8,125	481	2,848	2,933
Extracurricular Activities	0	32,027	0	57,375
Miscellaneous	1,000	5,422	950	54,333
Total Revenues	9,125	37,930	3,798	114,641
Expenditures:				
Current:				
Instruction:				
Regular	9,300	14,634	8,477	0
Special	0	0	0	0
Support Services:				
Pupils	1,581	23,308	0	0
Instructional Staff	0	0	3,275	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services	0	0	630	0
Extracurricular Activities	0	1,858	0	106,047
Intergovernmental	0	0	0	0
Total Expenditures	10,881	39,800	12,382	106,047
Excess (deficiency) of Revenues Over (Under) Expenditures	(1,756)	(1,870)	(8,584)	8,594
Other Financing Sources				
Operating Transfers - In	0	0	0	5,154
Operating Transfers - Out	0	0	0	(2,000)
Total Other Financing Sources (Uses)	0	0	0	3,154
Net Change in Fund Balances	(1,756)	(1,870)	(8,584)	11,748
Fund Balances (Deficit) - beginning	12,563	10,944	10,145	15,164
Fund Balances (Deficit) - ending	\$10,807	\$9,074	\$1,561	\$26,912

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2002

Auxiliary Services	Teacher Development	Educational Management Information Systems	OneNet Ohio	School Net Professional Development	Ohio Reads	Miscellaneous State Grants
\$15,077	\$0	\$5,218	\$10,500	\$7,450	\$2,000	\$1,643
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>15,077</u>	<u>0</u>	<u>5,218</u>	<u>10,500</u>	<u>7,450</u>	<u>2,000</u>	<u>1,643</u>
0	2,464	0	0	1,127	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	376	0	4,326	0	0	0
0	0	0	0	0	0	0
0	0	5,000	3,049	1,581	0	0
5,133	0	0	0	0	0	0
0	0	0	0	0	0	0
15,004	0	0	0	0	0	0
<u>20,137</u>	<u>2,840</u>	<u>5,000</u>	<u>7,375</u>	<u>2,708</u>	<u>0</u>	<u>0</u>
(5,060)	(2,840)	218	3,125	4,742	2,000	1,643
180	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>180</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(4,880)	(2,840)	218	3,125	4,742	2,000	1,643
2,792	2,840	701	3,000	1,602	0	81
<u>(\$2,088)</u>	<u>\$0</u>	<u>\$919</u>	<u>\$6,125</u>	<u>\$6,344</u>	<u>\$2,000</u>	<u>\$1,724</u>

(continued)

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2002
(continued)

	EESA/NDEA Grant	Title VI-B Grant	Title I Grant	Title VI Grant	Drug-Free Grant
Revenues:					
Intergovernmental	\$2,968	\$92,705	\$13,536	\$1,700	\$8,777
Gifts and Donations	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Total Revenues	2,968	92,705	13,536	1,700	8,777
Expenditures:					
Current:					
Instruction:					
Regular	0	0	21,567	0	10,125
Special	0	42,593	31,499	0	0
Support Services:					
Pupils	0	1,446	0	0	0
Instructional Staff	0	65,295	0	0	0
Pupil Transportation	0	0	3,267	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	301	0
Extracurricular Activities	0	0	0	0	0
Principal Retirement	0	0	0	0	0
Total Expenditures	0	109,334	56,333	301	10,125
Excess (deficiency) of Revenues Over (Under) Expenditures	2,968	(16,629)	(42,797)	1,399	(1,348)
Other Financing Sources					
Operating Transfers - In	0	683	0	0	0
Operating Transfers - Out	0	(683)	(18,000)	(180)	0
Total Other Financing Sources (Uses)	0	0	(18,000)	(180)	0
Net Change in Fund Balances	2,968	(16,629)	(60,797)	1,219	(1,348)
Fund Balances (Deficit) - beginning	2,481	9,975	44,625	4,847	4,929
Fund Balances (Deficit) - ending	\$5,449	(\$6,654)	(\$16,172)	\$6,066	\$3,581

**Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2002**

EHA Preschool Grant	E-Rate Grant	Goals 2000 Grant	Reducing Class Size Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$1,588	\$0	\$0	\$8,088	\$509	\$171,759
0	0	0	0	0	14,387
0	0	0	0	0	89,402
0	0	0	0	0	61,705
<u>1,588</u>	<u>0</u>	<u>0</u>	<u>8,088</u>	<u>509</u>	<u>337,253</u>
0	0	485	14,337	0	82,516
0	0	0	0	487	74,579
1,296	0	0	0	0	27,631
0	0	0	0	0	73,272
0	0	0	0	0	3,267
0	0	0	0	0	9,630
0	0	0	0	0	6,064
0	0	0	0	0	107,905
0	0	0	0	0	15,004
<u>1,296</u>	<u>0</u>	<u>485</u>	<u>14,337</u>	<u>487</u>	<u>399,868</u>
292	0	(485)	(6,249)	22	(62,615)
0	0	277	0	0	6,294
0	0	0	0	(277)	(21,140)
<u>0</u>	<u>0</u>	<u>277</u>	<u>0</u>	<u>(277)</u>	<u>(14,846)</u>
292	0	(208)	(6,249)	(255)	(77,461)
1,330	1,180	7,641	6,383	(908)	142,315
<u>\$1,622</u>	<u>\$1,180</u>	<u>\$7,433</u>	<u>\$134</u>	<u>(\$1,163)</u>	<u>\$64,854</u>

**Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Capital Projects Funds
June 30, 2002**

	Permanent Improvement
<u>Assets and Other Debits</u>	
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$106,428
Total Assets	\$106,428
<u>Liabilities and Fund Balances</u>	
<u>Liabilities</u>	
Total Liabilities	\$0
<u>Fund Balances:</u>	
Reserved for:	
Encumbrances	10,670
Unreserved, reported in:	
Capital Projects	95,758
Total Fund Balances	106,428
Total Liabilities and Fund Balances	\$106,428

**Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2002**

	Permanent Improvement	SchoolNet	Total Nonmajor Capital Projects Funds
Revenues:			
Property and Other Taxes	\$47,465	\$0	\$47,465
Total Revenues	47,465	0	47,465
Expenditures:			
Current:			
Support Services:			
Central	0	2,346	2,346
Capital Outlay	91,037	0	91,037
Total Expenditures	91,037	2,346	93,383
Deficiency of Revenues			
Under Expenditures	(43,572)	(2,346)	(45,918)
Other Financing Uses			
Operating Transfers - Out	0	(24,475)	(24,475)
Total Other Financing Uses	0	(24,475)	(24,475)
Net Change in Fund Balances	(43,572)	(26,821)	(70,393)
Fund Balances - beginning	150,000	26,821	176,821
Fund Balances - ending	\$106,428	\$0	\$106,428

**Monroe Local School District
Butler County, Ohio
Combining Statement of Changes
in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2002**

Student Activities	Balance June 30, 2001	Additions	Deletions	Balance June 30, 2002
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$11,780	\$19,341	\$11,780	\$19,341
Total Assets	\$11,780	\$19,341	\$11,780	\$19,341
<u>Liabilities:</u>				
Accounts Payable	\$553	\$0	\$553	\$0
Due to Students	11,227	19,341	11,227	19,341
Total Liabilities	\$11,780	\$19,341	\$11,780	\$19,341

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Special Trust			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Gifts and Donations	\$2,625	\$8,125	\$8,125	\$0
Miscellaneous	0	1,000	1,000	0
Total Revenues	<u>2,625</u>	<u>9,125</u>	<u>9,125</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,250	11,756	9,300	2,456
Support Services:				
Pupils	3,000	2,826	2,826	0
Total Expenditures	<u>9,250</u>	<u>14,582</u>	<u>12,126</u>	<u>2,456</u>
Net Change in Fund Balance	(6,625)	(5,457)	(3,001)	2,456
Fund Balances at Beginning of Year	12,208	12,208	12,208	0
Prior Year Encumbrances Appropriated	1,600	1,600	1,600	0
Fund Balances at End of Year	<u><u>\$7,183</u></u>	<u><u>\$8,351</u></u>	<u><u>\$10,807</u></u>	<u><u>\$2,456</u></u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Public School Support			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Extracurricular Activities	\$4,000	\$31,658	\$32,027	\$369
Gifts and Donations	0	731	481	(250)
Miscellaneous	0	5,422	5,422	0
Total Revenues	<u>4,000</u>	<u>37,811</u>	<u>37,930</u>	<u>119</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,700	8,716	8,716	0
Support Services:				
Pupils	15,000	35,638	24,077	11,561
Extracurricular Activities	1,000	1,858	1,858	0
Total Expenditures	<u>19,700</u>	<u>46,212</u>	<u>34,651</u>	<u>11,561</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,700)	(8,401)	3,279	11,680
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	4,143	4,143	0
Refund of Prior Year Receipts	0	(4,143)	(4,143)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(15,700)	(8,401)	3,279	11,680
Fund Balances at Beginning of Year	<u>11,564</u>	<u>11,564</u>	<u>11,564</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u>(\$4,136)</u>	<u>\$3,163</u>	<u>\$14,843</u>	<u>\$11,680</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Other Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Gifts and Donations	\$25,000	\$2,848	\$2,848	\$0
Total Revenues	25,000	2,848	2,848	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	10,000	8,451	8,477	(26)
Support Services:				
Instructional Staff	7,190	3,515	3,515	0
Operation of Non- Instructional Services	1,000	630	630	0
Total Expenditures	18,190	12,596	12,622	(26)
Net Change in Fund Balance	6,810	(9,748)	(9,774)	(26)
Fund Balances at Beginning of Year	10,274	10,274	10,274	0
Prior Year Encumbrances Appropriated	94	94	94	0
Fund Balances at End of Year	<u>\$17,178</u>	<u>\$620</u>	<u>\$594</u>	<u>(\$26)</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	District Managed Activities			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Extracurricular Activities	\$18,500	\$57,370	\$57,375	\$5
Gifts and Donations	0	2,933	2,933	0
Miscellaneous	0	54,333	54,333	0
Total Revenues	<u>18,500</u>	<u>114,636</u>	<u>114,641</u>	<u>5</u>
<u>Expenditures:</u>				
Extracurricular Activities	129,098	131,153	121,973	9,180
Total Expenditures	<u>129,098</u>	<u>131,153</u>	<u>121,973</u>	<u>9,180</u>
Excess of Revenues Over (Under) Expenditures	(110,598)	(16,517)	(7,332)	9,185
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	0	5,154	5,154	0
Operating Transfers Out	0	(2,000)	(2,000)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>3,154</u>	<u>3,154</u>	<u>0</u>
Net Change in Fund Balance	(110,598)	(13,363)	(4,178)	9,185
Fund Balances at Beginning of Year	23,555	23,555	23,555	0
Prior Year Encumbrances Appropriated	<u>9,565</u>	<u>9,565</u>	<u>9,565</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u><u>(\$77,478)</u></u>	<u><u>\$19,757</u></u>	<u><u>\$28,942</u></u>	<u><u>\$9,185</u></u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Auxiliary Services			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$15,190	\$15,077	\$15,077	\$0
Total Revenues	15,190	15,077	15,077	0
<u>Expenditures:</u>				
Current:				
Operation of Non- Instructional Services	7,000	6,252	6,252	0
Intergovernmental	22,228	16,576	15,004	1,572
Total Expenditures	29,228	22,828	21,256	1,572
Deficiency of Revenues Under Expenditures	(14,038)	(7,751)	(6,179)	1,572
<u>Other Financing Sources (Uses):</u>				
Advances In	0	2,105	2,105	0
Advances Out	0	(2,105)	(2,105)	0
Operating Transfers In	0	2,285	180	(2,105)
Total Other Financing Sources (Uses)	0	2,285	180	(2,105)
Net Change in Fund Balance	(14,038)	(5,466)	(5,999)	(533)
Fund Balances at Beginning of Year	2,339	2,339	2,339	0
Prior Year Encumbrances Appropriated	1,572	1,572	1,572	0
Fund Balances (Deficit) at End of Year	<u>(\$10,127)</u>	<u>(\$1,555)</u>	<u>(\$2,088)</u>	<u>(\$533)</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Teacher Development			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$5,145	\$0	\$0	\$0
Total Revenues	5,145	0	0	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	4,747	4,114	2,223	1,891
Support Services:				
Instructional Staff	400	376	376	0
Total Expenditures	5,147	4,490	2,599	1,891
Deficiency of Revenues Under Expenditures	(2)	(4,490)	(2,599)	1,891
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	0	1,891	0	(1,891)
Total Other Financing Sources (Uses)	0	1,891	0	(1,891)
Net Change in Fund Balance	(2)	(2,599)	(2,599)	0
Fund Balances at Beginning of Year	2,599	2,599	2,599	0
Fund Balances at End of Year	\$2,597	\$0	\$0	\$0

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	<u>Educational Management Information Systems</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$5,000	\$5,218	\$5,218	\$0
Total Revenues	5,000	5,218	5,218	0
<u>Expenditures:</u>				
Support Services:				
Central	5,000	5,218	5,000	218
Total Expenditures	5,000	5,218	5,000	218
Net Change in Fund Balance	0	0	218	218
Fund Balances at Beginning of Year	701	701	701	0
Fund Balances at End of Year	<u>\$701</u>	<u>\$701</u>	<u>\$919</u>	<u>\$218</u>

**Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002**

	OneNet Ohio			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$10,500	\$10,500	\$0
Total Revenues	0	10,500	10,500	0
<u>Expenditures:</u>				
Support Services:				
Instructional Staff	0	6,623	4,326	2,297
Central	0	5,346	3,049	2,297
Total Expenditures	0	11,969	7,375	4,594
Net Change in Fund Balance	0	(1,469)	3,125	4,594
Fund Balances at Beginning of Year	0	3,000	3,000	0
Fund Balances at End of Year	<u>\$0</u>	<u>\$1,531</u>	<u>\$6,125</u>	<u>\$4,594</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	<u>School Net Professional Development</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$0	\$4,000	\$4,000	\$0
Total Revenues	<u>0</u>	<u>4,000</u>	<u>4,000</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,000	4,785	3,525	1,260
Support Services:				
Central	<u>2,000</u>	<u>2,841</u>	<u>1,581</u>	<u>1,260</u>
Total Expenditures	<u>4,000</u>	<u>7,626</u>	<u>5,106</u>	<u>2,520</u>
Net Change in Fund Balance	(4,000)	(3,626)	(1,106)	2,520
Fund Balances at Beginning of Year	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$0</u></u>	<u><u>\$374</u></u>	<u><u>\$2,894</u></u>	<u><u>\$2,520</u></u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Ohio Reads Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$2,000	\$2,000	\$2,000	\$0
Total Revenues	2,000	2,000	2,000	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,000	2,000	0	2,000
Total Expenditures	2,000	2,000	0	2,000
Net Change in Fund Balance	0	0	2,000	2,000
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$2,000</u>	<u>\$2,000</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	<u>Miscellaneous State Grants</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	<u>\$1,000</u>	<u>\$1,643</u>	<u>\$1,643</u>	<u>\$0</u>
Total Revenues	<u>1,000</u>	<u>1,643</u>	<u>1,643</u>	<u>0</u>
<u>Expenditures:</u>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	1,000	1,643	1,643	0
Fund Balances at Beginning of Year	<u>0</u>	<u>81</u>	<u>81</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$1,000</u></u>	<u><u>\$1,724</u></u>	<u><u>\$1,724</u></u>	<u><u>\$0</u></u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	EESA/NDEA Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$3,695	\$2,968	\$2,968	\$0
Total Revenues	3,695	2,968	2,968	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Special	3,695	3,695	0	3,695
Total Expenditures	3,695	3,695	0	3,695
Net Change in Fund Balance	0	(727)	2,968	3,695
Fund Balances at Beginning of Year	2,481	2,481	2,481	0
Fund Balances at End of Year	<u>\$2,481</u>	<u>\$1,754</u>	<u>\$5,449</u>	<u>\$3,695</u>

**Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002**

	Title VI-B Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$64,840	\$92,022	\$92,705	\$683
Total Revenues	64,840	92,022	92,705	683
<u>Expenditures:</u>				
Current:				
Instruction:				
Special	30,000	42,593	42,593	0
Support Services:				
Pupils	1,000	1,446	1,446	0
Instructional Staff	33,844	60,367	60,334	33
Total Expenditures	64,844	104,406	104,373	33
Excess of Revenues Over (Under) Expenditures	(4)	(12,384)	(11,668)	716
<u>Other Financing Sources (Uses):</u>				
Advances In	0	6,377	6,378	1
Advances Out	0	(6,377)	(6,378)	(1)
Operating Transfers In	0	683	683	0
Operating Transfers Out	0	(683)	(683)	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	(4)	(12,384)	(11,668)	716
Fund Balances at Beginning of Year	14,809	14,809	14,809	0
Prior Year Encumbrances Appropriated	34	34	34	0
Fund Balances at End of Year	<u>\$14,839</u>	<u>\$2,459</u>	<u>\$3,175</u>	<u>\$716</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Title I Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$76,560	\$13,536	\$13,536	\$0
Total Revenues	76,560	13,536	13,536	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	10,000	10,132	10,132	0
Special	45,567	27,839	41,500	(13,661)
Support Services:				
Pupil Transportation	3,000	3,267	3,267	0
Total Expenditures	58,567	41,238	54,899	(13,661)
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,993	(27,702)	(41,363)	(13,661)
<u>Other Financing Sources (Uses):</u>				
Advances In	0	837	837	0
Operating Transfers Out	(18,000)	(18,000)	(18,000)	0
Total Other Financing Sources (Uses)	(18,000)	(17,163)	(17,163)	0
Net Change in Fund Balance	(7)	(44,865)	(58,526)	(13,661)
Fund Balances at Beginning of Year	44,736	44,736	44,736	0
Prior Year Encumbrances Appropriated	64	64	64	0
Fund Balances (Deficit) at End of Year	<u>\$44,793</u>	<u>(\$65)</u>	<u>(\$13,726)</u>	<u>(\$13,661)</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Title VI Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$5,930	\$1,700	\$1,700	\$0
Total Revenues	5,930	1,700	1,700	0
<u>Expenditures:</u>				
Current:				
Operation of Non- Instructional Services	5,930	6,073	301	5,772
Total Expenditures	5,930	6,073	301	5,772
Excess of Revenues Over (Under) Expenditures	0	(4,373)	1,399	5,772
<u>Other Financing Sources (Uses):</u>				
Operating Transfers Out	0	(180)	(180)	0
Total Other Financing Sources (Uses)	0	(180)	(180)	0
Net Change in Fund Balance	0	(4,553)	1,219	5,772
Fund Balances at Beginning of Year	4,840	4,840	4,840	0
Prior Year Encumbrances Appropriated	7	7	7	0
Fund Balances at End of Year	<u>\$4,847</u>	<u>\$294</u>	<u>\$6,066</u>	<u>\$5,772</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Drug-Free Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$10,789	\$8,777	\$8,777	\$0
Total Revenues	10,789	8,777	8,777	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	10,789	15,463	10,279	5,184
Total Expenditures	10,789	15,463	10,279	5,184
Net Change in Fund Balance	0	(6,686)	(1,502)	5,184
Fund Balances at Beginning of Year	4,929	4,929	4,929	0
Prior Year Encumbrances Appropriated	5,184	5,184	5,184	0
Fund Balances at End of Year	<u>\$10,113</u>	<u>\$3,427</u>	<u>\$8,611</u>	<u>\$5,184</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	EHA Preschool Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$1,588	\$1,588	\$0
Total Revenues	0	1,588	1,588	0
<u>Expenditures:</u>				
Current:				
Support Services:				
Pupils	0	2,420	1,296	1,124
Total Expenditures	0	2,420	1,296	1,124
Net Change in Fund Balance	0	(832)	292	1,124
Fund Balances at Beginning of Year	1,330	1,330	1,330	0
Fund Balances at End of Year	<u>\$1,330</u>	<u>\$498</u>	<u>\$1,622</u>	<u>\$1,124</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	E-Rate Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Total Revenues	\$0	\$0	\$0	\$0
<u>Expenditures:</u>				
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balances at Beginning of Year	1,180	1,180	1,180	0
Fund Balances at End of Year	<u>\$1,180</u>	<u>\$1,180</u>	<u>\$1,180</u>	<u>\$0</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Goals 2000 Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$15,473	\$0	\$0	\$0
Total Revenues	15,473	0	0	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	7,641	985	485	500
Total Expenditures	7,641	985	485	500
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,832	(985)	(485)	500
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	0	277	277	0
Total Other Financing Sources (Uses)	0	277	277	0
Net Change in Fund Balance	7,832	(708)	(208)	500
Fund Balances at Beginning of Year	6,233	6,233	6,233	0
Prior Year Encumbrances Appropriated	500	500	500	0
Fund Balances at End of Year	<u>\$14,565</u>	<u>\$6,025</u>	<u>\$6,525</u>	<u>\$500</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Reducing Class Size Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$8,088	\$8,088	\$0
Total Revenues	0	8,088	8,088	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	15,473	10,506	10,489	17
Total Expenditures	15,473	10,506	10,489	17
Net Change in Fund Balance	(15,473)	(2,418)	(2,401)	17
Fund Balances at Beginning of Year	6,844	6,844	6,844	0
Prior Year Encumbrances Appropriated	18	18	18	0
Fund Balances (Deficit) at End of Year	<u>(\$8,611)</u>	<u>\$4,444</u>	<u>\$4,461</u>	<u>\$17</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	<u>Miscellaneous Federal Grants</u>			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$509	\$509	\$0
Total Revenues	0	509	509	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Special	0	0	487	(487)
Total Expenditures	0	0	487	(487)
Excess of Revenues Over (Under) Expenditures	0	509	22	(487)
<u>Other Financing Sources (Uses):</u>				
Operating Transfers Out	0	0	(277)	(277)
Total Other Financing Sources (Uses)	0	0	(277)	(277)
Net Change in Fund Balance	0	509	(255)	(764)
Fund Balances at Beginning of Year	0	277	277	0
Fund Balances at End of Year	<u>\$0</u>	<u>\$786</u>	<u>\$22</u>	<u>(\$764)</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Major Debt Service Fund
For the Fiscal Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$0	\$380,580	\$739,187	\$358,607
Intergovernmental	0	0	76,564	76,564
Total Revenues	0	380,580	815,751	435,171
<u>Expenditures:</u>				
Current:				
Support Services:				
Administration	0	2,488	2,488	0
Fiscal	0	9,043	9,043	0
Total Expenditures	0	11,531	11,531	0
Excess of Revenues Over Expenditures	0	369,049	804,220	435,171
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Bonds	0	29,915,000	29,915,000	0
Total Other Financing Sources (Uses)	0	29,915,000	29,915,000	0
Net Change in Fund Balance	0	30,284,049	30,719,220	435,171
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	\$0	\$30,284,049	\$30,719,220	\$435,171

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2002

	Permanent Improvement			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$150,000	\$47,465	\$47,465	\$0
Total Revenues	150,000	47,465	47,465	0
<u>Expenditures:</u>				
Current:				
Capital Outlay	150,000	91,037	101,707	(10,670)
Total Expenditures	150,000	91,037	101,707	(10,670)
Net Change in Fund Balance	0	(43,572)	(54,242)	(10,670)
Fund Balances at Beginning of Year	0	150,000	150,000	0
Fund Balances at End of Year	<u>\$0</u>	<u>\$106,428</u>	<u>\$95,758</u>	<u>(\$10,670)</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Major Capital Projects Funds
For the Fiscal Year Ended June 30, 2002

	Building			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Interest	\$0	\$63,942	\$113,656	\$49,714
Total Revenues	0	63,942	113,656	49,714
<u>Expenditures:</u>				
Current:				
Capital Outlay	0	3,574,125	2,674,531	899,594
Total Expenditures	0	3,574,125	2,674,531	899,594
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(3,510,183)	(2,560,875)	949,308
<u>Other Financing Sources:</u>				
Proceeds from Sale of Long Term Notes	0	29,915,000	29,915,000	0
Operating Transfers In	0	1,933,500	1,933,000	(500)
Total Other Financing Sources	0	31,848,500	31,848,000	(500)
Net Change in Fund Balance	0	28,338,317	29,287,125	948,808
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	\$0	\$28,338,317	\$29,287,125	\$948,808

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2002

	Schoolnet			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$26,820	\$0	\$0	\$0
Total Revenues	<u>26,820</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Support Services:				
Central	18,500	2,346	2,346	0
Total Expenditures	<u>18,500</u>	<u>2,346</u>	<u>2,346</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	8,320	(2,346)	(2,346)	0
<u>Other Financing Uses:</u>				
Operating Transfers Out	0	(24,475)	(24,475)	0
Total Other Financing Uses	<u>0</u>	<u>(24,475)</u>	<u>(24,475)</u>	<u>0</u>
Net Change in Fund Balance	8,320	(26,821)	(26,821)	0
Fund Balances at Beginning of Year	<u>0</u>	<u>26,821</u>	<u>26,821</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$8,320</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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STATISTICAL SECTION

**MONROE LOCAL SCHOOL DISTRICT
MONROE, OHIO**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Monroe Local School District

**General Government Expenses/Expenditures by Function(1)
Last Two Fiscal Years**

TABLE 1

<u>Fiscal Year (2)</u>	<u>2001</u>	<u>2002</u>
Current:		
Instruction:		
Regular	\$ 4,781,600	\$ 5,386,537
Special	458	587,916
Vocational	14,274	-
Other	-	4,423
Support Services:		
Pupil	247,835	327,142
Instructional Staff	288,894	370,613
Board of Education	29,144	17,864
Administration	1,854,058	1,445,747
Fiscal	299,270	370,993
Business	46,061	83,188
Operation and Maintenance of Plant	1,321,619	929,507
Pupil Transportation	772,940	1,009,525
Central	56,362	108,303
Non-Instructional Services	474,816	466,261
Extracurricular Activities	436,892	464,305
Capital Outlay	717,091	3,035,468
Intergovernmental	-	15,004
Debt Service	19,270	974,689
Total	<u>\$ 11,360,584</u>	<u>\$ 15,597,485</u>

Source: Monroe Local School District records

(1) Includes general, special revenue, capital projects and debt service funds

(2) Fiscal year 2001 was the first year for the school district.

Monroe Local School District
 General Government Revenue by Source(1)
 Last Two Fiscal Years

Table 2

<u>Fiscal Year (2)</u>	<u>2001</u>	<u>2002</u>
Property and Other Taxes	\$ 6,581,007	\$ 6,681,543
Intergovernmental	9,889,474	5,984,794
Charges for Services	366,444	350,578
Tuition and Fees	6,328	2,411
Interest	186,759	753,474
Gifts and Donations	50,158	14,687
Extracurricular Activities	107,791	89,402
Miscellaneous	52,891	674,577
Total	<u>\$ 17,240,852</u>	<u>\$ 14,551,466</u>

Source: Monroe Local School District records

(1 Includes general, special revenue, capital projects and debt service funds

(2 Fiscal year 2001 was the first year for the school district.

Monroe Local School District

Property Tax Levies and Collections - Real and Public Utility Property
Last Two Collection (Calendar) Years

Table 3

Collection Year	Tax Levied (1)	Current Tax Collection (2)	Percent Collected	Delinquent Collected	Total Tax Collected	Percent of Total Collections to Levy	Outstanding Delinquent Taxes (3)	Percent of Outstanding Delinquent Taxes to Tax Levied
2001	\$ 6,817,618	\$ 6,041,296	88.61%	\$ 241,124	\$ 6,282,420	92.15%	\$ 272,801	4.00%

Source: Butler County Auditor

(1) Taxes levied and collected are presented on a cash basis.

(2) State reimbursements of rollback and homestead exemptions are included.

(3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

Note: The District was part of the Middletown-Monroe School District until tax year 2000 (collection 2001). No information is obtainable for the District separately before 2001

Monroe Local School District

Assessed and Estimated Actual Value of Taxable Property
Last Two Collection (Calendar) Years (1)

Table 4

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total		Ratio (2)
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2000	\$ 140,816,870	\$ 402,333,914	\$ 46,137,078	\$ 184,548,312	\$ 27,046,052	\$ 77,274,434	\$ 214,000,000	\$ 664,156,660	32.22%
2001	151,923,850	434,068,143	46,656,747	186,626,988	16,426,920	46,934,057	215,007,517	667,629,188	32.20%

Source: Butler County Auditor

(1) Butler County Auditor property tax records are maintained on a calendar year basis.

(2) Ratio represents total assessed value/total estimated actual value.

Monroe Local School District
 Property Tax Rates (Per \$1,000 of Assessed Value)
 Direct and Overlapping Governments
 Last Two Collection (Calendar) Years

Table 5

<u>Collection Year</u>	<u>2001</u>
Monroe Local School District	43.36
Butler County	8.75
City of Monroe	11.17
Butler County JVS	<u>1.93</u>
Total	65.21

Source: Butler County Auditor

Monroe Local School District

Ratio of Net General Bonded Debt to Assessed Value
And Net Bonded Debt per Capita
Last Two Fiscal Years

Table 6

Year	Population (1)	Total Assessed Value	Gross Bonded Debt (2)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (%) (3)	Net Bonded Debt per Capita (3)
2000	7,133	\$ 214,000,000	\$ -	\$ -	\$ -	0.00%	\$ -
2001	7,133	215,007,517	29,910,228	30,903,555	(993,327)	0.00%	\$ -

Sources: (1) Population within the City of Monroe. Figures are from the previous December 31 reporting date

(2) Gross bonded indebtedness does not include short term bond anticipation notes

(3) Ratio is less than \$0 and therefore not presented as such

Monroe Local School District
 Computation of Legal Debt Margin
 June 30, 2002

Table 7

Assessed Valuation of District		<u>\$ 215,007,517</u>
 <u>Overall Direct Debt Limit</u>		
Direct Debt Limitation		
9% of assessed valuation (1)		\$ 19,350,677
Amount available in Debt Service Fund	30,903,555	30,903,555
Gross Indebtedness	59,825,228	
Less Exempt Debt:		
General Obligation Bonds paid with Special Levy	(29,910,228)	
Net Indebtedness	<u>29,915,000</u>	<u>(29,915,000)</u>
Legal Debt Margin within 9% Limitation		<u>\$ 20,339,232</u>
 <u>Energy Conservation Debt Limitation</u>		
Debt Limitation		
0.9% of assessed valuation (1)		<u>\$ 1,935,068</u>
 <u>Unvoted Direct Debt Limitation</u>		
Unvoted Debt Limitation		
0.1% of assessed valuation (1)		<u>\$ 215,008</u>

Source: Monroe Local School District records

- (1) Ohio Bond Law sets a limit of 9% for overall debt, 0.9% for Energy Conservation measures and 1/10 of 1% for unvoted debt.

Monroe Local School District
 Computation of Direct and Overlapping Debt
 June 30, 2002

Table 8

<u>Governmental Unit</u>	<u>Gross General Obligation Bonds (1)</u>	<u>Percent Applicable to District</u>	<u>Amount Applicable to District</u>
Direct:			
Monroe Local School District	<u>\$ 29,910,228</u>	100%	<u>\$ 29,910,228</u>
Overlapping:			
Butler County	15,060,000	0%	-
City of Monroe	4,745,000	0%	-
Total Overlapping	<u>19,805,000</u>		<u>-</u>
Total Direct and Overlapping Debt	<u>\$ 49,715,228</u>		<u>\$ 29,910,228</u>

Source: Monroe Local School District records, Butler County and City of Monroe 2001 financial reports

(1) Only reflects bonded debt.

Monroe Local School District

Ratio of Annual Debt Service Expenditures
For General Bonded Debt to Total General Government Expenditures
Last Two Fiscal Years

Table 9

<u>Fiscal Year</u>	<u>Principal(1)</u>	<u>Interest(1)</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to General Expenditures (%)</u>
2001	\$ -	\$ -	\$ -	\$ 10,412,911	0.00%
2002	-	941,649	941,649	9,943,124	9.47%

Source: Monroe Local School District records

(1) Does not include capital lease payments recorded in the general fund

Monroe Local School District
 Demographic Statistics
 Last Two Calendar Years

Table 10

Year	Butler County Population (1)	Population of District (1)	School Enrollment (2)	Unemployment Rate Butler County (3)	Unemployment Rate State of Ohio (3)	Unemployment Rate U.S.A. (3)
2000	332,807	7,133	1,466	3.00%	4.10%	4.00%
2001	337,013	7,133	1,381	3.20	4.30	4.80

Sources: (1) City of Monroe records

(2) Monroe Local School District records

(3) Butler County Auditor, Ohio Bureau of Employment Services

Monroe Local School District
Construction, Bank Deposits and Property Values
Last Two Calendar Years

Table 11

<u>Year</u>	<u>Construction (1)</u>	<u>County Bank Deposits (2) (in thousands)</u>	<u>Property Values (3)</u>
2000	\$ 31,880,585	\$ 1,152,810,000	\$ 664,156,661
2001	24,025,902	1,136,994,000	667,629,188

Sources: (1) City of Monroe records. Figures are for December 31 of year

(2) Federal Reserve Bank of Cleveland

(3) Butler County Auditor, calendar year basis -
 assessed value of real property only.

Monroe Local School District
Top Ten Principal Taxpayers
Real and Personal Property

Table 12

Name of Taxpayer	Assessed Valuation	% of Total Assessed Valuation
Cincinnati Gas and Electric Company	\$ 13,622,110	6.34%
Worthington Steel	12,327,950	5.73%
Deceuninck North America	7,190,540	3.34%
EPHA Investments LLC	3,428,730	1.59%
Ohio Presbyterian	2,639,570	1.23%
Duke Realty	2,389,920	1.11%
Mount Pleasant Nursing Home	2,100,320	0.98%
Dayton Technologies	2,085,010	0.97%
Baker Monroe Properties	2,053,360	0.96%
Precision Packaging and Services	1,988,627	0.92%
Total	\$ 49,826,137	23.17%
 Total Assessed Valuation	 \$ 215,007,517	

Source: Butler County Auditor's Office

Monroe Local School District
Miscellaneous Statistical Data
 June 30, 2002

TABLE 13

Total Population	7,133
Original Charter:	1999
Area of District:	20 square miles
Number of Miles Traveled by Transportation Fleet for the Fiscal 2002 School Year:	288,442
Number of Meals Served by Food Service Department for the Fiscal 2002 School Year:	92,023

<u>School</u>	<u>Grade Level</u>	<u>Enrollment</u>
Monroe Elementary	K - 8	662
Monroe Junior/Senior High	9 - 12	732
Total		<u>1394</u>

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor	36	33.96%
Bachelor + 20	23	21.70%
Masters	27	25.47%
Masters + 20	8	7.55%
Masters + 30	12	11.32%
Total	<u>106</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	40	37.74%
6 - 10	17	16.04%
11 - 15	19	17.92%
16 - 20	12	11.32%
21 - 25	6	5.66%
26 and over	12	11.32%
Total	<u>106</u>	<u>100.00%</u>

Sources: Monroe Local School District records

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**ISSUED BY THE TREASURER'S OFFICE
MONROE LOCAL SCHOOL DISTRICT
SHARRON MOON, TREASURER
30 OVERBROOK DRIVE, SUITE D
MONROE, OH 45050
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**Auditor of State
Betty Montgomery**

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MONROE LOCAL SCHOOL DISTRICT

BUTLER COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 18, 2003**